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on

P E R S I A

1922 to 1926

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PERSIA.

Annual Report, 1922.

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Sir P. Loraine to the Marquess Curzon of Kedleston.—(Received August 7.)

(No. 314.)

My Lord,

Tehran, July 16, 1923.

I HAVE the honour, in accordance with your Lordship's standing instructions, to transmit to you herewith the annual report on Persia for 1922. In doing so I beg leave to express my profound regret at the delay which has occurred in forwarding this report. It has been particularly difficult to compile, firstly, because of the long break which occurred in the sequence of annual reports from Tehran, the last one having been for 1913; secondly, because the press of current business since the beginning of the year has made such heavy demands on the time and energy of my staff and myself that it has been extremely difficult to find the extra time necessary for the compilation of the report.

As Mr. Havard, the acting Oriental secretary, was the only member of the Legation who had been in Tehran continuously during the interval since 1913, I requested him to write a summary of events from 1914 to 1921, in order to connect up the present report with its predecessors so far as was possible, and to furnish some record of the important and complicated history of the intervening years. That summary serves as an introduction to the present report, and I beg leave to commend to your Lordship's notice the ability and industry displayed by Mr. Harvard in its compilation.

I may be permitted to take this opportunity of acknowledging the valuable assistance which has been given to me by Mr. Monson, Lieutenant-Colonel Saunders, Dr. Neligan, Mr. Hadow, Mr. Huxley and Mr. Trott in writing up the special subjects with which they are respectively most familiar.

I have, &c.

PERCY LORAINÉ.

Enclosure.

Report on Persia for 1922

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I.—GENERAL SUMMARY OF EVENTS, 1914-21.

1914.

THE beginning of the year 1914 saw Persia in a hopeless financial position; the Russians were slowly making good their hold on North Persia, Russian troops were almost everywhere in large or small detachments, and the continuous efforts of Great Britain to make Russia observe more closely both the letter and the spirit of the convention of 1907 were quite unavailing. The one bright spot was the continued success of the gendarmerie under the "active" officers lent by the Swedish Government in restoring order and security on the southern roads, and even in penetrating into those districts which had long been outside the authority of the Central Government. Perhaps the greatest historical event in Persia during the year 1914 was the coronation of the young ruler, Sultan Ahmed Shah, which took place with all due pomp and ceremony on the 21st July 1914. There was much doubt whether the young monarch had actually reached the age when he could be crowned and take the destinies of the country into his own hands, but Naser-ul-Mulk, who had held the Regency since the death of the aged Azad-ul-Mulk in September 1910, was anxious to leave Persia, and by juggling with the calendar he was able to bring about

the coronation one year earlier, and so accomplish his desire to leave. The political situation in Europe was ominous, and when at last it was seen that Russia and Germany had come to grips, Persia heaved a sigh of relief at seeing her powerful and aggressive northern neighbour fully occupied in Europe, and sincerely hoped that those Russian troops scattered throughout her northern provinces would be immediately withdrawn to protect Russia herself from invasion. The pious hope of Persia was, however, destined to remain unfulfilled until three years later, and the retention of these detachments and the later use which Russia made of Persian territory as a jumping-off ground to attack the Turks was destined to bring on Persia a long series of calamities and misfortune. The aggressive policy of Russia in the past, the unwarranted intervention of her consuls in Persian domestic affairs, the use she made of Persian tools like Shuja-ed-Dowleh, the turbulent and unscrupulous leader of the Shabsavan tribe, for furthering her plans of penetration into Persia, could not but alienate all sympathy in Persia for her cause and arouse a passionate longing for the success of her German adversary. The sympathy for Germany was greatly enhanced when, in November 1914, Turkey ranged herself against Russia. Very shortly after this, and in order to frustrate the plans which the Russians had made for the invasion of Turkish soil from Persian territory, Turkey felt herself obliged to violate Persian neutrality.

1915.

2. The beginning of the year 1915 found matters in Persia in an extremely critical state. The Russian troops in Persia were too few to be able to prevent Turkish incursions to Tabriz, which was evacuated on the 6th January, and the first ten months of that year mark a continual series of successes scored by the agents of both Germans and Turks. Hostile action was not confined to North-West or Western Persia alone, for early in February a band of raiding Arabs cut the Anglo-Persian Oil Company's pipe-line and caused very considerable financial loss. German agents and Austrian prisoners of war who had escaped from Transcaspia, began to filter through into Persia in large numbers. The German agents were well supplied with money, and they spent it lavishly in west, south and east. The widespread hatred of Russia amongst the masses provided a fruitful soil for their propaganda, and it was not long before Schuneman in the west, Pugin at Isfahan and Wassmuss in the south were able to show very definite results. The Central Government was in great financial straits, and Great Britain and Russia came to its help with small financial doles, but it seemed impossible, in spite of all the help that the two Powers could give, to find a Cabinet strong enough to take definite action to stop the vigorous and insidious propaganda which the Central Powers were conducting. The Swedish officers on the active list, who had done such good work in the organisation of the Persian gendarmerie, were recalled by the Swedish Government, and the reserve officers who took their places soon fell victims to the blandishments of enemy agents. In April the German and Austrian Ministers, who had left Tehran on leave of absence in July 1914, returned, bringing arms and money in their luggage with which to intensify their propaganda. No pains were spared to rouse up public opinion against Russia and England. The Imperial Bank of Persia was an especial object of their attention, and an organised series of runs on the bank brought matters to such a critical stage that Parliament had to make special legislation to protect the bank, which had not sufficient coin on hand to cover its note issue. Both in the capital and in the provinces German agents were openly recruiting and arming men, and incursions of Turkish troops into the Kermanshah Province soon caused the departure thence of the Allied consuls and colonies. Meanwhile, the Central Government seemed powerless and unwilling to put a stop to these subversive acts. In fact it disposed of no force capable of taking any active measures. The influence of the pro-German Swedish officers over the rank and file of the gendarmerie was soon apparent, and though actual mutiny against the authority of the Central Government only took place some months later, it was very evident that the gendarmerie could not be counted on. The Cossack brigade was too scattered over the provinces of North Persia and too weak numerically to stabilise the situation, and when, in July, Ained-Dowleh's Cabinet fell on the impeachment of Farman Farma, a month elapsed before anybody could be found to form a Government. Meanwhile, Wassmuss had been actively engaged amongst the tribes of the Bushire hinterland, and in July a fierce attack was made on Bushire which necessitated the occupation of that place by British troops. The situation all over the country was now thoroughly disquieting,

the gendarmerie, with its pay in arrears, was becoming more and more rebellious, the Bakhtiari even could no longer be counted upon, and Russia was so hard pressed elsewhere that it was impossible to reinforce the Russian contingents already in North Persia. Russian consuls had been killed at Saouj Bulak and Isfahan, and later the British vice-consul at Shiraz was destined to suffer the same fate, whilst Mr. Consul-General Grahame at Isfahan was to escape with a wound only. Meanwhile, the British and Russian Ministers in Tehran were trying hard to instil some courage into Mustaufi-ul-Mamalek, who had finally agreed to form a Cabinet in August, and all kinds of financial help, either by subsidy or moratorium on the already contracted debts were discussed, but it became increasingly evident that the only effective help for the position of the Allies would be the arrival of some considerable reinforcements from Russia. In September the Allied consuls and colonies were forced to evacuate Isfahan, and an attempt by the Allied consuls to return to Kermanshah was stopped by rebel forces. In October the two Powers accorded a moratorium to Persia, but the Germans came forward with the offer of a loan in order to try to forestall this plan. The weak Persian Government did not know which way to turn, German victories in France and lavish expenditure of German money all over Persia seemed a sufficiently tempting bait for Persia to declare for our enemies, and yet the same lack of decision which characterised the conduct of the Government towards the Allies, was equally apparent in its relations with the Germans and Turks. Finally, after having endured the most nerve-racking anxiety for months, the Allies were relieved at the news of the disembarkation of considerable Russian forces at Enzeli in November, and these forces were pushed on with all speed to Kazvin; some of them arrived at Keredj on the 14th November and the position in so far as the capital was concerned, was retrieved. The Persian Government, ever anxious to be in with the stronger side, now even proposed an alliance with Great Britain and Russia, but it was only a very tentative proposal, and bad news from the Western and Eastern fronts in Europe, coupled with a setback to the British forces operating towards Bagdad, was sufficient to make the Persian Government sorry it had ever thought of an alliance. The position in Tehran was soon to be very critical again owing to the Germans exploiting in their own interests the proximity to the capital of Russian troops. A plan was set on foot to persuade the Shah to leave the capital for Isfahan, to transport both Government and Majlis there, and rouse South Persia against the north. Great preparations for the exodus were made, and the Shah's departure was announced, but at the last moment Sir C. Marling and M. Etter were able to persuade His Majesty to change his mind, promising him that the Russian troops would go back from Keredj. The exodus, including German, Austrian and Turkish representatives, members of Parliament, Swedish officers and a goodly part of the gendarmerie, took place, but His Majesty remained, and on the 25th November the Russian detachment at Keredj withdrew. The Muhajerin set up a provisional Government at Kum, though some of them slowly drifted back to the capital, but the majority of them stayed there until well into December, when a detachment of Russian troops marching towards Kum and fighting a victorious battle with rebel gendarmes and other free lances at Saveh on the way, obliged the so-called provisional Government to quit and flee towards Isfahan. In the meanwhile, if affairs in and around the capital had improved, it was very much the reverse in the provinces, whither the news had been studiously disseminated that the Shah had left Tehran, and that a state of war existed between Persia and the two Powers. The result in Shiraz was serious. The gendarmerie ran amok, and the British consul and colony were arrested and sent into Tangistan, the Imperial Bank of Persia was looted, and complete anarchy prevailed in Fars. It was some time before the real situation could be made known to the provinces as most of the telegraph wires southward had been cut. The end of the year marked further and more widespread disorders in the provinces. The Allied nationals were forced to evacuate one place after another: (1) Hamadan on the 23rd November, (2) Sultanabad on the 9th December, (3) Kerman on the 14th December, and (4) Yezd on the 17th December, and nearly the whole of South Persia fell under the authority of the agents of the Central Powers, excepting two points which were guarded by British troops—Bushire and Southern Arabistan. The Russian troops, however, restored order in the nearer provinces after one or two very successful engagements with the rebel gendarmes and with the departure and scattering of the provisional Government from Kum, and the advance of the Russians to Kashan, affairs improved considerably. Farman Farma assumed charge of the Government on the 25th December; the Shah, who had wanted to abdicate in favour of his father, decided to remain, and even

revived the question of the alliance, and Colonel Edwall, the Swedish commander of the rebel gendarmerie, was dismissed on the 30th December.

1916.

3. The progress made by the Russian troops in driving back the Turks continued, and in a very short time the Russians had advanced beyond Kermanshah right up to the Mesopotamian frontier. Farman Farma's Cabinet, however, weakened from within and without by the machinations of a pro-Russian party who were working to install Sepah Salar as Prime Minister was destined to enjoy a very short lapse of life. Although Farman Farma again brought forward the question of a defensive alliance, the military situation having become so favourable to the Russians, the latter were no longer willing to agree to the concessions which the Persian Government was asking for in exchange for the alliance, and Farman Farma, seeing that this and other efforts on his part met with no sympathetic response from the Russian Legation, resigned and Sepah Salar assumed the reins of Government on the 5th March, 1916. The enmity between Farman Farma, who may be described as head of the pro-British party, and Sepah Salar, who was head of the pro-Russian party, was fully exploited by the pro-Russian party and certain Russians who were not under the authority of the Russian Legation; but the intimate official relations between the two Legations remained proof against this plot to enhance the prestige of the one at the expense of the other. In the meanwhile Sepah Salar agreed to the Mixed Financial Commission which was formed to control the expenditure of the money accruing to Persia under the operation of the moratorium and an agreement was made by him in August, whereby in exchange for a monthly subsidy of 200,000 tomans for the duration of the war, Persia agreed to allow armed forces to be formed under Russian officers in the north and British officers in the south and to accept control of the finances. This agreement never took definite shape, as in August reinforced Turkish forces drove back the Russian troops beyond Hamadan and the situation in Tehran became critical enough to warrant the evacuation from there of the women and children of the Allied colonies. Sepah Salar was unable to retain the Premiership and at the end of August Vossuk-ed-Dowleh succeeded him. Russian reinforcements arrived; the Turks were again forced back, and the situation in Tehran once more became normal.

4. In the summer Sir Percy Sykes had arrived at Kerman and was busily engaged in forming local levies which was eventually to form the nucleus of the South Persia Rifles, and Farman Farma set out for Fars to try and bring that province back under the authority of the Central Government. His Highness the Zil-es-Sultan had also returned to Persia and had proceeded to Isfahan, but the Allied Powers did not gain by his presence there the advantages for which they had hoped by reason of the latent hostility which existed between the Zil-es-Sultan and the Bakhtiari chiefs.

1917.

5. Meanwhile the Allies were gradually extending the area under their control, Russian detachments were in Isfahan and close to Kermanshah, the South Persia Rifles had reached Shiraz and was gradually spreading its influence in South Persia, and in March the fall of Bagdad caused the Turkish forces to melt away from the western frontier of Persia. The outlook was really good, and it seemed as though the crisis had been fairly passed, but the Russian revolution broke out in March and once more affairs were to become critical. The first effect of the revolution was to allow the extreme Democrat party in Tehran to reacquire much of its old power, and it was surmised that Revolutionary Russia would adopt quite a different attitude in the Persian question, and Great Britain would be left alone to fend for herself.

6. Vossuk-ed-Dowleh found himself in difficulties after giving official recognition to the South Persia Rifles, and with an era of political assassinations directed by the Committee of Punishment, when many Persians who had expressed friendly sentiments towards Great Britain were assassinated, and with the growing power and influence and intrigue of the Democrat party, he found his position becoming gradually more precarious and resigned on the 27th May.

7. The formation of a new Government was entrusted to the aged Ala-es-Sultaneh, but the outlook was black. Lack of rain had completely spoilt the harvest over nearly the whole of Persia, the country was again in want of money, and in order to meet pressing calls the stock of Government grain which was left over from the previous year in the Government granaries was sold. The Committee of Punishment was still active in the capital, and seemed to be free to murder whomsoever it wished,

and the effects of the Russian revolution were soon evident on the discipline of the Russian troops in Persia, where they looted successively the bazaars of Kazvin, Hamadan and Urumia. Russia no longer exercised any influence in Persia, and the whole burden of unholding the prestige of the Allies devolved on Great Britain, against whom the extreme Democrats vented their grievances in a virulent and abusive press campaign. However, in July, seven of the leaders of the Committee of Punishment were arrested and the Government seemed to awaken to the fact that it had to take some action to make good its authority, and in consequence the tone of the press improved somewhat. The general situation was, however, very gloomy. The Russian troops were looting freely wherever they passed, the spectre of famine was hanging over the land, there was no money in the Treasury, North-West Persia was threatened by a Turkish invasion, the rebellion in the forests of Gilan was spreading, and Persia disposed of no adequate armed force to ensure law and order. Ala-es-Sultaneh resigned office, and Ain-ed-Dowleh succeeded him, but he also found the situation too difficult, and at the beginning of the year 1918 Mustaufi-ul-Mamalek was again entrusted with the formation of a Government.

1918.

8. The Bolshevik revolution in Russia and the ensuing withdrawal of Russian troops from Persia gave rise to great hopes amongst the extreme Democrats that henceforth Persia need have no fear of Russia and could set about putting the country into order freely, but it was not long before the Turks again invaded Azerbaijan, occupied Tabriz, and started to advance in a south-easterly direction towards Kazvin. In February, a small British mission had gone to Enzeli with the object of getting into touch with friendly elements in Baku, but it had to return to Hamadan owing to opposition from the Jangalis or Foresters of Kuchik Khan, with whom were associated Turkish and Bolshevik agents. The disappearance of the Russian troops from North Persia left exposed that part of the country to raids by Turks or other enemy agents, and it became increasingly necessary to replace the Russians by some other Allied forces. Bravine, a Bolshevik envoy, arrived in Tehran in March, and the Jangalis carried off His Majesty's vice-consul in Resht at about the same time. There was a good deal of anti-British effervescence visible in the capital and in the northern provinces which was sedulously fostered by enemy agents, both Persian and foreign. The weak Cabinet of Mustaufi-ul-Mamalek was unable or unwilling to quell this national fanaticism, and the remoteness of British troops encouraged the extreme element to believe that the field was clear for them to act. The Jangalis in the meantime had become bolder, and were advancing on the road to Menjil and Kazvin, and there was no adequate force to stop them. In these circumstances it was decided to let the British troops advance from the Mesopotamian frontier via Kermanshah and Hamadan to Kazvin in order to protect the capital from possible Turkish or Jangali aggression, and after defeating the Jangalis to the north of Kazvin, these troops, together with Colonel Bicharakof's partisan brigade, occupied Resht and Enzeli. Contact was thus established between Bagdad and the Caspian, but in the meanwhile the Turks were advancing southwards from Tabriz in the direction of Kazvin. Mustaufi-ul-Mamalek's Cabinet after a few months of tottering rule fell in May, and Semsam-es-Sultaneh formed a Cabinet. Soviet Russia was now looked to by Persia as a friend and helper, and the ancient hatred of Tsarist Russia was directed against the British, who by strategical occupation of certain Persian territory were considered in the light of an enemy. Anti-British feeling was running very high in Central and Southern Persia, where the South Persia Rifles was particularly an object of attack, and it was not long before the Kashgai tribe openly declared war on that force. During the whole summer the situation in Fars was extremely critical, owing to instigation to the rank and file to revolt against their British officers, and had it not been for the presence of a small number of British-Indian troops in South Persia, it is not improbable that the whole of the south would have been the scene of grave disorders and of bloodshed. If the last two Cabinets had shown a remarkable degree of inertia, the Cabinet of Semsam-es-Sultaneh showed a marked degree of hostility. Its members were in close touch with the rebel elements of the South Persia Rifles, it did nothing to stop the brigandage which was rife around Isfahan, where the robber bands of Jaafer Kuli, Reza Juzdani and others terrorised the district: it abolished all treaties made with and concessions accorded to Russia during the last one hundred years, and it suppressed the Foreign Office Tribunal and Karguzarates, thus abrogating certain judiciary rights which had been accorded to European Powers by treaty. Disturbances occurred in Tehran, where the

bazaars were partly closed, and hundreds of people took refuge in the Shah's mosque and at Shah Abdul Azim, and it became necessary to proclaim a state of siege. On the 3rd August, when His Majesty dismissed Semsam-es-Sultaneh from the Premiership, the latter refused to go. Meanwhile the Turkish advance southwards from Tabriz had not progressed so speedily as at one time was expected, and small British forces had succeeded in crossing from Enzeli to Baku, where, however, they were unable to stay and they evacuated that town in August. The war on the Western front was again turning in favour of the Allies, the successes of Britain in Palestine and in Bulgaria found their echo in distant Persia, and Semsam-es-Sultaneh finally made way early in August for a more friendly Cabinet under the presidency of Vossuk-ed-Dowleh.

9. Vossuk-ed-Dowleh immediately concentrated his energies on internal affairs. The Committee of Punishment was finally dealt with, some of the actual assassins being hanged and the others less directly implicated exiled: steps were taken to bring back order into the Isfahan Province where Serdar Jang Bakhtiari was made Governor, and where a few months later with the help of artillery from the South Persia Rifles he succeeded in annihilating Jaafer Kuli and Reza Juzdani and their brigand bands. The armistice came with the Turkish troops still south of Tabriz, but little by little they filtered back to their own territory, and, with the last of the enemy out of Persia, Vossuk-ed-Dowleh was able to give his attention to internal reforms, for much confusion had been caused by the ravages made in Persia by the enemy and their agents.

1919.

10. His Highness set himself to cultivate most friendly relations with Great Britain, and received very great help both in money and arms for the restoration of order in the country. He started to reform and rearm the disbanded gendarmerie, and, as an earnest of its goodwill towards Persia, Great Britain agreed to the South Persia Rifles being placed under the orders of the Governor-General of Fars as soon as certain conditions concerning order and security on the roads had been fulfilled. Persia evinced much interest in the projected peace conference, and towards the end of the year a Persian mission, under the presidency of the Foreign Minister, Mushaver-ul-Mamalek, left for Paris in the hope that it might obtain a hearing for Persia at the conference: this hope, however, was destined not to be realised, as Persia had not been a belligerent, although she had suffered perhaps more from the war than any other non-belligerent country, her territory having been freely made use of by both sides. Famine, typhus and influenza had each in turn brought destruction to the country, and it required all the patience and skill of Vossuk-ed-Dowleh to evolve some order out of the general chaos and confusion. He had not been in power very long before he realised that he and his colleagues were quite incapable of carrying out much-needed reforms by themselves, and that they must have recourse to foreign help, both for money with which to carry out the reforms and for advisers to put them into execution. The end of the year 1918 had found British troops in occupation of the greater part of the Near and Middle East, and in consequence British prestige had increased enormously in the Orient. There was nothing more natural than for Vossuk-ed-Dowleh to turn to Great Britain for the help so much needed by Persia. Accordingly, discussions were entered into with the British Government as to ways and means, and after very protracted negotiations the Anglo-Persian Convention was signed on the 9th August, 1919. By the terms of this convention Great Britain agreed to lend to Persia expert advisers for whatever Departments of State might be necessary, and to supply arms and munitions for a national army and also a loan of £2,000,000 to enable the necessary reforms to be carried out. Great Britain also agreed to co-operate with Persia in the building of much-needed railways, and to set up a joint commission for the revision of the existing Persian customs tariff. By a subsidiary exchange of notes Great Britain agreed to help when and where possible to obtain for Persia a rectification of existing frontiers, a revision of treaties in force and compensation for damage done to Persia by belligerents, but any claims against British troops which had entered Persian territory during the war were waived, and, in return, Great Britain agreed to make no claim against Persia for the maintenance of those troops. The publication of this agreement was generally received with favourable comment by the Persian public, but it occasioned some bitter comment both in France and America, and it was not long before its few opponents among the Persian public made use of French and American adverse criticism to try to nullify it. Vossuk-ed-Dowleh, however, took

stern measures to break up this opposition, which was occasioned at first more by jealousy and personal enmity than by conviction, and, when some half-dozen of the more important opponents had been expelled from Tehran, the opposition was silenced.

11. A few days after the signing of the convention, His Majesty the Shah, who had long desired to visit Europe, left Tehran for Constantinople, Italy, France and England and did not return to Persia until the following spring. His Majesty had been a supporter of the Anglo-Persian Convention, and had given the Prime Minister very wide powers during the term of his absence abroad, but Vossuk-ed-Dowleh wantonly turned a deaf ear to the repeated insistence of the British Legation as to the importance of assembling the Majlis and placing the agreement before it whilst it was still an object of popularity. There would seem to be no doubt that, had the Majlis been assembled during 1919, it would have ratified the convention with alacrity, but unfortunately the continual appeals of His Majesty's Government to Vossuk-ed-Dowleh in 1919 and to his successor in 1920 to summon the Majlis and submit to it the agreement were of no avail.

12. In January 1920 the Anglo-Persian Military Commission started to draw up its plans for the Persian national army, and shortly afterwards the joint commission for the revision of the customs tariff was formed and drew up a new tariff much more favourable to Persia than the tariff of 1903. By April the Military Commission presented its report to the Government, and a few British officers were appointed to the Central Persian Brigade.

1920.

13. Meanwhile affairs in Russia had gone well with the Bolsheviks, and one by one the anti-Bolshevik forces had been driven from the field. The few British troops which had policed the Caucasus from the end of 1918 had been withdrawn in August 1919, and it was evident that, with the disappearance of the anti-Bolshevik Russian armies, the overthrow of the weak Caucasian republics would only be a matter of time. Baku fell to the Bolsheviks in April, and by the end of that month a Bolshevik fleet appeared before Enzeli and the weak British forces in North Persia withdrew before the Bolshevik landing. Kuchik Khan and his Jangali rebels threw in their lot with the Bolsheviks, and it was not long before the greater part of the Province of Gilan was in their hands. Such was the situation when His Majesty returned via Bagdad to Persia in May.

14. There was now a rerudescence of opposition to the Anglo-Persian Agreement, and considerable discontent with Vossuk-ed-Dowleh. The Bolshevik menace seemed very close to Persia, and it was realised that Great Britain was neither ready nor willing to defend Persia by force of arms. Hostility both to the agreement and to its author was sedulously fostered by Bolshevik propaganda, and Vossuk-ed-Dowleh, overworked and in failing health, no longer enjoying the confidence of his sovereign, and seeing the opposition growing daily stronger, and no longer able to withstand his enemies, placed his resignation in the outstretched hands of His Majesty in June 1920, and the difficult task of guiding Persia's destiny in this dark hour of trial was entrusted to Mushir-ed-Dowleh, who, however, only agreed to accept office on the understanding that the financial help which Great Britain had been extending to Persia during the whole tenure of office of the preceding Cabinet would be accorded to him also. His Majesty's Government finally agreed to accord this financial help for a further period of four months, and Mushir-ed-Dowleh undertook to assemble the Majlis within that period and submit the Anglo-Persian Convention to it. Accordingly, on the 3rd July Mushir-ed-Dowleh assumed the Premiership. Although he declared himself an adherent of a working agreement with Great Britain, he felt unable to carry on with the working of the Anglo-Persian Agreement until it had been ratified by the Majlis, and consequently the financial adviser, who had arrived in May, and the British officers, who were already doing good work with the Central Brigade, were put into cold storage until such time as they could again be employed in Persian Government service with the sanction of Parliament. Many of these officers, not content with this enforced idleness, left of their own accord, and later on the financial adviser gratefully accepted the offer of a special mission on behalf of the Persian Government to London to escape from an intolerable situation. Mushir-ed-Dowleh relegated the agreement to the background, and occupied all his time and energy in making plans to counter the Bolshevik menace in Mazanderan and Gilan and Azerbaijan. After the withdrawal of the British troops from Enzeli and Resht to Manjil, the task of keeping contact with the Bolsheviks had been

entrusted to a few Persian troops, but it was not long before the Bolsheviks were bombarding the British positions at Manjil. Meanwhile, all the available troops of the Cossack division had been despatched to Mazanderan to stem the Bolshevik incursion there, and after a very brief, victorious campaign by the end of July the Bolshevik forces had been obliged to evacuate Mazanderan completely.

15. The Bolshevik menace in Azerbaijan was not backed by armed force, but by insidious propaganda amongst the more extreme Democrats in Tabriz. Shortly after Mushir-ed-Dowleh's advent to power, Mukhber-es-Sultaneh was sent as Governor-General to Tabriz, and after a short struggle with the Democrats, in which the leader, Sheikh Mohamed Khiabani, met his death, Tabriz and a large part of the Province of Azerbaijan was again brought under the direct control of the Central Government. When the expedition to Mazanderan had successfully completed its task, the Persian Government resolved to concentrate all its energies on expelling the Bolsheviks from Gilan. In July the small British force which had retired from Resht to Manjil found its position at the latter place in danger of being surrounded, and it was decided to withdraw further towards Kazvin, where the open country would give it a better chance to use its artillery with effect. Meanwhile Persian forces were slowly concentrating at Kazvin, and by the middle of August the Persian troops under Colonel Starosselsky marched towards Manjil, which they occupied on the 19th August. The Bolshevik and Jangali forces retired hastily before the Persian forces, which continued their successful march on Resht and after a short, sharp fight, occupied the town on the 21st August. Flushed with victory, they then ventured onwards towards Enzeli, but strong Bolshevik forces were concentrated against them, and after a somewhat severe mauling they retired in disorder on Resht and back to Manjil, where they were fed and clothed and allowed to equip themselves behind the shelter of the British lines. After having rested and having recovered somewhat their *moral*, they again marched forward on Resht, which once more fell to them, but by mid-October they were again driven out, a disordered mob with incompetent Russian officers to lead them. Finally, the Persian Government having lost all faith in Colonel Starosselsky and his Russian officers dismissed them, and the Persian forces were put under the command of a Persian general, who was assisted by a small batch of British officers.

16. Mushir-ed-Dowleh's Cabinet, which could not decide to dismiss the Russian officers and accept a small number of British officers for the organisation of the army, and knew that the monthly sum which for long past the British Government had been paying to the Persian Government to enable the latter to carry on was now no longer to be paid, resigned, and early in November Sipahdar Aazam formed a Cabinet.

17. Meanwhile, the Persian Government had been protesting strongly at Moscow against the violation of its territory by the Soviet forces, and these protests finally led to an offer of a treaty between the two countries whereby the Soviet Government promised to withdraw its forces from North Persia if the British Government would likewise agree to withdraw its troops. In accordance with the economical policy which, on the signing of peace, Great Britain was rigidly enforcing, the British Indian column which had been operating in Transcaspia and North-East Persia had already been withdrawn to India, and it was clearly stated that the British troops in North Persia would withdraw as soon as the coming spring would allow the passes into Mesopotamia to be cleared of snow. The outlook was indeed ominous for Persia: the Anglo-Persian Convention was still in a state of suspense, and by reason of serious difficulties on all sides the Persian Government declared itself unable to assemble the Majlis which could ratify or reject the agreement; the British troops were to evacuate North Persia within four months, and Persia disposed of no troops which could stop any Bolshevik advance on the capital. On the 27th November the Cabinet convened a meeting of notables to discuss the situation and to try to obtain a general agreement to accept some British officers to reorganise the armed forces of Persia, but no decision was reached. The Persian Cabinet, seeing for itself no other hope of salvation, resolved to pursue its negotiations in Moscow and endeavour by that means to rid itself of the armed forces of the Soviet, since it did not possess the power to drive them out by force. The impending withdrawal of the British forces in North Persia, whose presence, the Soviet Government had declared, obliged it to keep its own troops in Gilan, rendered it simpler for Persia to insist on the evacuation of Gilan by the Soviet troops.

1921.

17A. On the 26th February the Russo-Persian Treaty was signed, and its terms appeared to be very advantageous to Persia. By its provision Persia's debt to Russia was cancelled, the Russian roads, bank and Enzeli port were to be handed back to the Persian Government and all concessions wrung from Persia by the late Tsarist régime were annulled. M. Rothstein, the Soviet Minister, arrived in Tehran on the 25th April, and two months later the Soviet forces evacuated Persian territory. Meanwhile, considerable confusion was reigning in political circles in Tehran, and on the 19th January, Sipahdar having resigned, the Shah called upon Mustaufi-ul-Mamalek to form a Cabinet, but the latter was either unable or unwilling to do so, and after a crisis lasting until the 16th February, His Majesty was again obliged to accept Sipahdar as Prime Minister. It was a very unenviable position, the Treasury was empty, the Cossack forces were only slowly regaining their lost *moral* under the unofficial training of a few British officers, and the British forces were only waiting for the road to Kermanshah to open before withdrawing into Mesopotamia. Persia at last realised that she had to face Russia all alone. (It had now become common knowledge that an advance of £131,000 made in 1919 on the £2,000,000 loan provided for by the terms of the Anglo-Persian Convention had not found its way into the State Treasury, and any latent hopes that the convention, even modified, might be ratified by the Parliament which was about to meet, were finally demolished as no Prime Minister would now be willing to take it to the House.) In the midst of the general confusion prevailing in the capital, news arrived that a force of Cossacks, some 3,000 strong, had set out from Kazvin and was marching on Tehran. On the 20th February the Shah sent out to learn the object of their arrival and to try to persuade them to return to Kazvin. They announced that they had come to protect the Throne, to eject the inefficient Government, and set up one in its place which was capable of protecting Persia from the Bolshevik menace. This force, under the leadership of General Reza Khan, entered Tehran on the 21st February at midnight and immediately took possession of the town, and the Cabinet melted away. On the 25th February the Shah issued a proclamation stating that he was entirely in agreement with the views of the army, and appointing Sayyid Zia-ed-din, who had previously joined Reza Khan and his Cossacks, as Prime Minister. The new Cabinet was formed on the 2nd March, and immediately started to reform the various Government institutions. Since the day following the entry of the Cossacks into Tehran arrests had been freely made, until some hundreds of all classes from incompetent and dishonest grandees of the old régime down to the lowest bazaar agitators were quartered in various buildings in and outside the town. The programme of the new Government was to reform thoroughly the various Government Departments and to purge the administration. It denounced the Anglo-Persian Agreement of 1919, but asked for British officials to reorganise the military and financial administrations, and it intended to seek other foreign advisers to reorganise other Government Departments. Amongst the objects which the new Government had especially in view were to form at once a commission for the financial administration, to dissolve the notoriously corrupt Department of Justice, to form an army on a proper basis, and absorb the South Persia Rifles with a limited number of British officers into the gendarmerie, to institute immediately agrarian reforms and improve the lot of the peasants, to establish municipalities and to encourage education. It was intended to finance these reforms by the fines which were to be inflicted on the corrupt officials who had been put under arrest, but no sooner were these reforms mooted and the anti-corrupt, anti-waste campaign started than dissensions broke out amongst the reformers themselves, and culminated in the overthrow of Sayyid Zia-ed-din and his expulsion from Persia within less than three months of his advent to power.

18. The Sayyid's reforms could only have been carried out had the force which brought him to power been solely controlled by himself. As it was, the force was Reza Khan's own, and when once the latter had become jealous of the position in which he and his army had placed the Sayyid, he soon formed the rallying point for all sections of the community, who saw in the reforms announced by Sayyid Zia the death-knell of their own personal interests. His Majesty the Shah was opposed to the Sayyid because the latter had reduced his Civil List; the Court was opposed because the Sayyid appointed Mushir-ul-Mulk as Minister of the Court, in order to reduce expenditure and put a stop to the corrupt practices in vogue there. The upper classes were most bitter against him because he was keeping some hundreds of that class in prison and did not decide what their fate was to be. Amongst these prisoners

were some thirty of the richest and most influential people in Persia, and it was obvious that their relatives outside the prison walls would leave no stone unturned to bring about the collapse of the power that was responsible for this state of affairs. The priests were disgruntled because an honest Administration touched their pockets considerably, and the poorer classes were discontented at having to pay heavy municipal taxes without a corresponding reduction in the cost of living. Reza Khan, on whom the Shah had conferred the title of Serdar Sepah, became the centre of this general disaffection, and little surprise was expressed when, on the 22nd May, Sayyid Zia received peremptory orders to resign and leave the country.

19. With the departure of Sayyid Zia the hopes which had been raised of introducing an honest Administration into the country disappeared. The imprisoned aristocrats emerged from prison, whitewashed of their past corrupt practices and were even hailed as heroes by the populace, and when on the 29th May the Shah's choice of a Premier fell on Kawam-es-Sultaneh it was too evident that Persia was to return to the old corrupt régime. Kawam-es-Sultaneh formed his Cabinet on the 5th June, and the fourth Majlis was formally opened on the 22nd June. The Government occupied itself with harassing the supporters of the past Administration, the press indulged in considerable anti-British propaganda, and even the Government itself and the Majlis reflected hostility to Great Britain, whose representative was accused of responsibility for the late *coup d'Etat*. British officers were dismissed from the army, and the financial adviser and his staff were informed that their services were no longer needed. The British Government being no longer willing to pay for the upkeep of the South Persia Rifles, that force was also disbanded, and by the end of the year no British officials of any sort remained in the Persian service.

20. Kawam-es-Sultaneh's Cabinet had a very chequered career. Besides the adoption of a sullen disposition towards Great Britain, it fell foul of the Soviet Legation over the Israelenko affair, and could only patch up a peace by the compulsory resignation of its Minister for Foreign Affairs. Towards the end of the summer the Cabinet was evidently moribund, but the only person who might have been a serious candidate for the post of Premier, Mushir-ul-Mulk, was expelled from the country on the 25th September on a trumped-up charge of fomenting a plot against the lives of Kawam-es-Sultaneh and Serdar Sepah. On the 10th October nobody else apparently being willing to accept the premiership, Kawam-es-Sultaneh reformed his Cabinet, but it displayed the same inertia as the last one, though perhaps it was little less hostile in its sentiments towards Great Britain. Only one Administration was really free from that paralysis which seemed to affect the Departments of Government, and that was the War Department. Serdar Sepah had never ceased spending the whole of his time and energy in building up a well-disciplined force and equipping it as well as the moderate means at his disposal would permit. The army had been continuously occupied in fighting the Jangali rebels, with whom the Bolshevik forces had deposited a large stock of arms before quitting Persian territory, and in the early summer Colonel Mohammed Taki Khan with his Khorassan gendarmerie rebelled against the Central Government; moreover, a large part of Western Azerbaijan and Northern Kurdistan was in the hands of the rebel chief, Ismail Aga Simko. Fortune, however, favoured Serdar Sepah, for Mohammed Taki Khan was killed on the 2nd October in a skirmish with some local levies, and Kuchik Khan, the Jangali leader, driven by the Government troops into the mountains of Talish, died of exposure in the last days of November, and thus at the end of the year Serdar Sepah was free to concentrate his troops against Ismail Aga.

II.—REVIEW OF THE YEAR 1922.

21. At the beginning of 1922 the situation in Persia was confused and unsatisfactory. The Persian Government, by rejecting the Anglo-Persian Convention of 1919, had allowed the scheme then offered to Persia for the reorganisation of her finances and the reform and unification of her armed forces to collapse; with the convention had disappeared the best chance Persia ever had of stabilising her situation, repairing the damages which she had suffered during the great war, and laying the foundations of administrative and economic progress and of financial reconstruction, with the competent and friendly aid of a foreign Power. The cause of this failure may be summarised briefly:—

- (1.) Growing distrust in Persia of the Persian statesmen who had negotiated the convention, and spread of the belief that they had done it in their personal interests rather than in those of the country.

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- (2.) The apparent resurrection of Russian power and the Red invasion of Gilan.
- (3.) The withdrawal of British troops from the Caucasus, and thereafter from Eastern and North-Western Persia.
- (4.) The agitation against the convention both in France and the United States of America, reflected in the attitude of the representatives of those two countries in Tehran, and apparently due to a suspicious jealousy that the convention was a prelude to the establishment of a British protectorate over Persia, and thus involved an undue extension of British power and influence in the Middle East. Wide circulation was also given to the singular complaint that the convention ought to have been submitted to the League of Nations. No such reference could possibly have been made as the Treaty of Versailles was still unratified at the time and the League had not been constituted or become operative. It was also suggested that Great Britain had negotiated the convention secretly and behind the backs of her Allies. These various insinuations contributed to the effect produced on Persian opinion.

22. At all events the convention was denounced by the Persian Government in the spring of 1921, and by the end of the year the British advisers and the British Military Mission who had been summoned to Tehran in anticipation of the application of the convention had left Persia: the last remaining British troops had been withdrawn in the spring of 1921 across the Irak frontier, and the South Persia Rifles, a force organised under British officers during the war for the maintenance of order in Southern Persia, was disbanded before the end of the year. Thus, by the beginning of 1922, all traces of British war organisations and all British agents engaged under the terms of the unratified convention had been removed, and there only remained the usual diplomatic and consular representation of His Majesty's Government.

23. The Government at Tehran in January 1922 was that of Kawam-es-Sultaneh: it had been in office for some seven months, it was showing signs of disintegration, chiefly due to antagonism between the Prime Minister and Serdar Sepah, the Minister of War, and it fell on the 18th January. From the British point of view there was no reason to regret its disappearance, for it was the most unfriendly Administration as regards British interests and influence there has been in the modern history of Persia. The Government and the majority which supported it in the Majlis under the parliamentary leadership of Nosret-ed-Dowleh and Modarres, was bent on destroying so far as it could every trace of British influence, on thwarting the operation of established British interests and on preventing the creation of new ones. It also hoped to interest America in Persia, to secure an enormous loan from the United States of America out of which British creditors, of whom His Majesty's Government was the principal one, could be paid off, and to supplant British with American interests wherever possible.

24. To comprehend the motives of this apparently insane policy a brief retrospective survey of events is necessary. In former days Persia had looked to England as a liberal Power, opposed to all wanton aggression, strong enough to check it, and as the champion of popular liberties: also in particular as Persia's only bulwark against Russian encroachment. The English, their institutions, and their trade were welcome in Persia, and the personal prestige and influence which they enjoyed were immense. The zenith of British popularity was reached in 1906, when, at the close of Muzaffer-ed-din Shah's reign, an immense popular manifestation in Tehran, during which many thousands of Persians took "bast" in His Majesty's Legation, succeeded in destroying the autocracy of the Shah and in extorting from the reigning monarch, just before his death, a charter of constitutional liberties and parliamentary institutions. The first shock came when the Anglo-Russian Convention was concluded in 1907: the Persians saw in this instrument a threat to their independence; they inferred that Great Britain and Russia had decided to compose their mutual differences at Persia's expense, and they regarded the definition of the British and Russian zones as the precursor of eventual partition. They had hoped that England would continue to fight their battles with Russia, and were alarmed at seeing her come to terms with Russia. This impression was to some extent dispelled by the sympathetic attitude of His Majesty's Government towards the Constitutional régime at the time of Mohamed Ali Shah's *coup d'Etat* in 1908, and of the attempt which he made, obviously with Russian sympathy, to resume the autocratic powers which his father had surrendered. The impression nevertheless lingered on in the Persian mind and had a curious by-product, viz., the creation of a strong pro-German party among the Persian Nationalists, which was to exert a considerable influence

later on. The argument was that if Great Britain could no longer be counted on to act as a counter-poise to Russia, another strong Power must be called in to act as a make-weight against both and to support Persia in her resistance to the threatened partition. In the eyes of these people Great Britain had betrayed her trust; they were unable to see that in the composition of Anglo-Russian differences lay the best prospect of averting pressure on Persia. The period which ensued up to the outbreak of the war in 1914 was chiefly remarkable for Russian encroachments in North Persia, and it became evident that Russia was endeavouring to interpret the 1907 Agreement as a British declaration of disinterestedness in Persia in her favour, at all events as regards any steps she might take to bring the northern zone under her direct domination. The efforts of His Majesty's Government and of their representatives to check these encroachments were realised and appreciated by the Persians and maintained British prestige among them; many Persians were nevertheless confirmed in their gloomy prognostications in regard to the results of the Anglo-Russian association, and pro-Germanism waxed accordingly.

25. When the war broke out in 1914 the Russian alliance, as elsewhere in the East, was a mill-stone hung round our necks. The events of the war do not fall within the compass of this report, and it will suffice to say that those in which the Persians themselves were concerned were the flowers—or weeds—which sprang naturally and inevitably from the roots which I have endeavoured to describe above. It is idle to speculate now what would have been the result, if the Russians had had the wisdom to follow British advice and to withdraw all their troops from Persia before or even at the outbreak of the war. It may well be that Persia would have resisted a Turkish incursion on her Western frontier and thus have automatically joined the Allies. It cannot reasonably be denied, however, that the presence of Russian troops on Persian soil notwithstanding the protests of the Persian Government gave the Turks a plausible pretext for violating Persian neutrality and that thereby Persia became an area of armed conflict between regular belligerents without herself being a belligerent. The situation was further complicated by the depredations of German and Austrian bands and the connivance and co-operation therewith of the Swedish-officered Persian gendarmerie. That these manœuvres ever became formidable was certainly attributable to the impression created on the pro-German nationalists by the early successes of the German arms and to the hope that a German victory would sweep Russia and her British confederate out of the Persian horizon. In Persia the fortunes of the Allies ebbed and flowed with the progress of the Russo-Turkish and the Mesopotamian campaigns. Then came the collapse of Russia and a difficult time for British arms in the East, until the final smashing defeat of the Turks. British troops were then in Persia, British troops were in occupation of the Caucasus, the key position of the Middle East, and Great Britain became mistress of the destinies of Persia should she choose to maintain and use the position of mastery which her victory had given.

26. In these circumstances it was not only possible, but well-nigh inevitable that the Anglo-Persian Convention should be negotiated: but with the conclusion of peace with Germany it became necessary for reasons of Imperial policy to examine and overhaul British commitments undertaken in the stress of war, and to withdraw from any that were not of vital Imperial importance. The withdrawals from the Middle East and the other factors to which I have referred led to the collapse of the convention, and the rapid decline of British influence and prestige in Persia, more especially as these were accompanied or followed by a series of Bolshevik successes against counter-revolutionary forces, the collapse of organised internal resistance to Soviet rule, and the assertion of Bolshevik control over the Transcaucasian States. In Persia the pendulum swung violently; the Bolsheviks used the position skilfully, and having frightened the Persians by their descent on Gilan, offered them terms of great apparent liberality on the basis of which was concluded the Russo-Persian Treaty of 1921: the Soviet Government now posed as the friend of Islam and the protector of weak Asiatic States against the capitalist and imperialist States of the West. When the *coup d'Etat* took place which in March 1921 placed in power Sayyid Zia-ed-din, a well-known Anglophil journalist, the Persians assumed that the British had engineered the *coup* as a last desperate endeavour to retrieve the situation and to bring into force the convention, which though not actually denounced at that moment, was obviously doomed. The support lent to Sayyid Zia by His Majesty's Legation in the belief that he had the power as well as the will to reform the country, lent colour to this assumption, which is still widely believed. Sayyid Zia was imprudent enough to antagonise the ruling

classes by imprisoning a large number of prominent men, including several who had been closely associated with the British cause during and immediately after the war; the influence of these persons, who felt themselves aggrieved and persisted in the erroneous belief that the British had acquiesced in and even encouraged their incarceration was therefore joined to that of the now swollen ranks of the Anglo-phobes, and Sayyid Zia in his turn was swept out of power and driven into exile.

27. Kawam-es-Sultaneh's Government represented the reaction from this state of affairs, and all the anti-British factions rallied round it; press, public, pulpit and Parliament urged on it an anti-British policy; hatred of the English and the total elimination of all English interference in Persian affairs were the watchwords, while those who, nevertheless, retained their belief in the British were compelled to hold their peace. The principal organiser and perpetuator of the anti-British movement then and now and of the subsequent persecution of Anglophil Persians is Prince Firuz, Nosret-ed-Dowleh, eldest son of Prince Farman Farma, and himself one of the signatories of the Anglo-Persian Convention of 1919, but later imprisoned with his father by Sayyid Zia.

28. The policy of Kawam-es-Sultaneh was to maintain outwardly correct relations with the British representative in order that British sources of funds should not be closed pending the American negotiations, from which financial independence of Great Britain was confidently expected to result. Meanwhile the British position was attacked all along the line; he demanded the cession of the Indian and Irak post offices in the south; the retrocession of the Meshed-Seistan and Arabistan telegraph lines; he demurred, without repudiating it, to any recognition of the right of the Indo-European Telegraph Department under the Telegraph Convention of 1872 to take control of the Khanikin-Tehran telegraph line; he declined to submit the railway options granted in 1919 to the Persian Railway Syndicate to the Majlis for ratification; he winked at a hostile campaign against the position and privileges of the Imperial Bank of Persia; he declined to give a general assurance that the Persian Government intended to respect British concessions; he declined to recognise the rights acquired by the Anglo-Persian Oil Company in the Khostaria concession for the exploitation of mineral oils in the northern provinces of Persia; and towards the end of 1921 he secured from the Majlis a resolution offering the concession to the Standard Oil Company of New York; it is needless to prolong the list further, as these and other similar subjects are being separately treated in the later pages of this report.

29. The Shah had for some months been manifesting a desire to pay another visit to Europe on the pretext of medical treatment. In reality he was afraid of the growing power of Reza Khan, Serdar Sepah, the Minister for War, the leader of the Cossacks who had marched on Tehran and installed Sayyid Zia and himself in power. His rise and the influence which he rapidly acquired through his masterful personality and his authority over the army brought him into conflict with the civil Government, and especially with the Prime Minister. The Shah was perplexed, he did not know which horse to back; he thought, and not without reason, that the affairs of the country were going from bad to worse, and his personal timidity counselled him to take refuge abroad for the time rather than face the situation himself.

30. The financial position was desperate, the Treasury empty and salaries, both civil and military, sadly in arrears.

31. The internal situation, however, from the point of security, was not so bad. The rebellion of Mohamed Taki Khan in Khorassan had been subdued and its leader killed, the Jangalis had been suppressed in Gilan, and their redoubtable leader, Kuchik Khan, had died from exposure. The rebellion of Ismail Agha Simko and his Kurds in Azerbaijan still continued, but Serdar Sepah was steadily training the new national army and was confident of crushing the rebellion at his own time. There were sporadic cases of road robberies, but nothing abnormal for Persia, and the main highways, with the exception of that between Shiraz and Bushire, were tolerably safe; it must certainly be admitted that the pessimistic anticipations of utter chaos and confusion in South Persia on the disbandment of the South Persia Rifles were not justified, and for this fortunate result the strong personality of Serdar Sepah must certainly have the credit. The necessity of finding money to pay his troops had led, however, to the seizure by Serdar Sepah of all sources of indirect taxation, and this step considerably augmented the friction between him and the Central Government.

32. Some light might have been expected from the Majlis, but none was visible. It posed as a patriotic assembly, but its patriotism took the form of childish

xenophobia and pernicious demagoguery. It contained no parties in the proper sense of the word, but a collection of groups, temporarily held together by transient motives of personal interest, and forming kaleidoscopic combinations which were fruitful of intrigue but devoid of conviction.

33. Economically, the position was bad; the value of the kran, which had appreciated to an unprecedented degree during the war, was falling rapidly; the English money which had been lavishly spent in the country was no longer forthcoming; trade was languishing and merchants were unable to take delivery of the goods which they had ordered when the exchange was favourable; the incompetence of the Government and the paralysis of its action by parliamentary intrigues destroyed any hope of a constructive policy, whether economic or financial, while an undue proportion of the national revenues were devoted to the army.

34. So much for internal affairs. From an external point of view Great Britain was generally regarded as the enemy, Russia as the possible friend. Although the obvious Russian efforts to diffuse Communist ideas and propaganda caused a certain uneasiness, the apparent generosity of cancelling Persia's debt to Russia, of returning all Russian concessions acquired in Tsarist times, of handing over the Russian Banque d'Escompte to the Persian Government and surrendering the Capitulations had made a profound impression, and the Russian-inspired idea that Persia had everything to gain by association with a Russia purged by the fires of revolution, and everything to lose by succumbing to the imperialist and colonising ambitions of Great Britain, was sufficiently plausible to gain many Persian adherents, particularly, of course, in the ranks of the pro-German democrats and of those whose ill-doings had brought them into conflict with the British military and other authorities in Persia during the British occupation. Among the governing and titled classes, however, who saw vividly a danger to their lives and property in the spread of Bolshevik ideas, greater hopes were based on America than on Russia. Many of these became bitterly anti-British because of their imprisonment by Sayyid Zia, who was, they believed, acting under British direction. Moreover, the standards set by the British during the period of their predominance showed up the old methods of administration in an unfavourable light, and, if the old gang were to regain their monopoly of power, it was advisable from their point of view to stamp out the legend of administration under British influence, to blacken all the acts of the British as being those of a greedy conqueror and to hail as patriots all those who had resisted them. Persia, however, needed a rich and powerful friend if British influences were to be uprooted and supplanted, and America was destined for this amiable rôle in the Persian mind.

35. Another moral factor which militated against Great Britain was the unrest in the Islamic world. The Khalifat agitations in India, the Arab resistance to the British mandates in Irak and Palestine, the struggle over the question of Egyptian independence, the liberation of Afghanistan from British tutelage in respect of her foreign affairs, the supposed British support of Greece and implacable hostility to Turkey were all exploited by the propagandists as evidence of a general Moslem revolt against British rule, and as proof of the undesirability of that rule being extended to Persia; and the usual misrepresentations were made of the Irish difficulties to demonstrate the ruthlessness of British methods in dealing with subject races. Except the personal influence of the various British representatives, there was no counter-propaganda, and in the circumstances it is surprising that the odious stream of calumny and vituperation did not have worse results.

36. Such, then, was the position at the beginning of 1922; a revulsion of opinion and feeling against Great Britain; national chauvinism running riot; an anti-British Government, Majlis and press; intense Russian propaganda mainly anti-British; the Shah on the point of deserting his post; the Treasury empty; trade stagnant; finances chaotic; security tolerable; and the only element showing improvement, the army, under Serdar Sepah.

37. On the 25th January the Shah left for Europe. His Majesty appointed his elder brother, Etehad-es-Sultaneh, to act temporarily as regent pending the return to Persia of the Valiahd, who was then in Paris and had stayed abroad for some time. The Valiahd did not reach Tehran till the 4th June, and His Imperial Highness acted as regent until the Shah's return on the 17th December. The Shah's absence at such a critical time in his country's affairs was severely criticised, and it was freely prophesied that he would not return. His Majesty's influence before his departure was not in any way advantageous. He is reported to have returned with the intention of taking a more active part in public affairs, but it is as yet too early to say to what extent this intention, if it exists, will be translated into acts. It would, however, be unwise to base any hopes either on his sagacity or his sincerity.

38. On the 18th January Kawam-es-Sultaneh tendered his resignation, which was accepted. His fall was due to the intervention of Serdar Sepah, who was practically in a position to nominate his successor. The choice fell on Mushir-ed-Dowleh because of his integrity and the large following which he commanded in the Majlis. The new Cabinet was composed as follows:—

President of the Council and Minister of the Interior: Mushir-ed-Dowleh.
Minister for War: Serdar Sepah.
Minister for Foreign Affairs: Hakim-ul-Mulk.
Minister of Public Works: Adib-es-Sultaneh.
Minister of Public Education: Nayyer-ul-Mulk.
Minister of Justice: Serdar Moazzem.
Minister of Posts and Telegraphs: Etala-es-Sultaneh.
Minister of Finance: Mudir-ul-Mulk.

39. This Government did not last long and resigned in the first week of May. The shortness of its life did not astonish anyone who was acquainted with Mushir-ed-Dowleh's timid character and previous record for lack of enterprise. He was told in taking office by Serdar Sepah that his first duty was to restore cordial relations with Great Britain, and such a policy was, it may be asserted, in consonance with his own ideas. He failed, however, to propound any clear policy to the Majlis, or to control the press. When the latter started abusing him for his inability to improve the condition of affairs, he took fright and practically abandoned his duty as a leader. His fall was actually provoked by a quarrel with Serdar Sepah, who considered that Mushir-ed-Dowleh had not taken sufficiently energetic measures against a newspaper which had attacked the Minister for War.

40. After his resignation there ensued a prolonged Cabinet crisis, which was not solved till the formation of Kawam-es-Sultaneh's second Cabinet, which was presented to the Majlis on the 17th June, and was composed as follows:—

President of the Council and Minister for Foreign Affairs: Kawam-es-Sultaneh.
War: Serdar Sepah.
Finance: Fahim-ul-Mulk.
Interior: Left vacant.
Education: Mohtashem-es-Sultaneh.
Posts and Telegraphs: Wahid-ul-Mulk.
Public Works: Amid-es-Sultaneh.
Justice: Mushir-es-Sultaneh.

41. At the close of 1922 this Government was still in office, but it was moribund, and shortly afterwards collapsed. Kawam-es-Sultaneh realised that his earlier administration had not been a success and that the antagonism to Great Britain which had characterised it had been disadvantageous. He professed, in his turn, a sincere desire for an improvement in Anglo-Persian relations, and according to his peculiar lights, it may be admitted that he sometimes endeavoured to give effect thereto, but he once more became dependent for parliamentary support on the anti-British elements, and failed to give any appreciable effect to his intentions. Towards the end of the year strained relations with Russia made him feel more keenly the absence of British support, and if he should come into power again, this lesson may stand him in good stead.

42. The chief characteristics of his second administration were (1) interminable discussions, projects and counter-projects regarding the northern oil concession (see section VI, 21); the rout in Bakhtiari of a Persian Government force proceeding to Arabistan to form a bodyguard for the Governor-General (see sections V, 2 (b), and XI, 2 (e)); the suppression of the Simko rebellion (see section XI, 2 (b)); the engagement and arrival in Persia of the American advisers (see section V, 1); and the tension with Russia (see section III, 1).

III.—RELATIONS WITH FOREIGN COUNTRIES.

(1.) *Russia.*

43. On the 1st January, 1922, the Russian Soviet Legation was under the charge of M. Theodore Rothstein, who had presented his letters of credence as plenipotentiary of the R.S.F.S.R. to the Shah in April 1921. M. Rothstein was recalled to Moscow in May, and did not return to Tehran. His place was taken by M. Shumyatsky, as Charge d'Affaires. The latter did not call on His Majesty's

Minister, and the relations, correct, if exiguous, which had till then obtained between the British and Russian representatives, were thus broken off. M. Shumyatsky has not yet remedied his omission.

44. M. Rothstein enjoyed a certain prestige among the Persians, and no doubt profited by the ostensibly liberal conditions granted to Persia in the Perso-Bolshevik Treaty of 1921. M. Shumyatsky appears to have lost this position owing to his habits of menace and bluster, and he has few friends among the more respectable Persians. He inspires, however, a certain amount of fear.

45. From the point of view of policy the two régimes at the Russian Legation have been scarcely distinguishable. The aims of the policy have been, and still are, the destruction of British influence and prestige in Persia; the acquisition of a controlling influence over the Persian Government; the preparation, so far as circumstances permit, of a revolutionary movement in Persia in the hope of its one day becoming a Soviet republic federated with that of Russia.

46. The weapons used to pursue this policy are intimidation, the leverage of commercial exchanges, the restoration of which are a matter of vital concern for Persia, active propaganda, and a subsidised press. As usual elsewhere, every element of discontent and disorder is grist to the Russian mill. It may safely be said that of the total Russian effort, 80 per cent. is purely anti-British. Attempts to dominate or cow the Persian Government have not been very successful, even though Russian interference in Persian domestic affairs has been pretty shameless and barely disguised. On the other hand, the gospel of Communism has in Persia fallen on barren soil.

47. During 1922 the reward for the Russians' efforts has been scant, and the return for the money they have spent, insignificant. They have, in fact, lost ground. British influence is slowly recovering from its shaking; the Persian Government has successfully resisted the various attempts at intimidation; revolutionary propaganda has made no headway; the Persian army has grown in strength and has got the northern provinces, where Russian activity is most intense, pretty well under control.

48. At the end of 1922 Russian consulates had been established at Tabriz, Resht, Astarabad, Meshed, Kermanshah, Isfahan, Shiraz and Kerman. These establishments are used principally for purposes of propaganda and to facilitate the circulation of Russian agents, especially those directed to proceed to India and Irak. The Russo-Persian Treaty of 1921 gave the Soviet Government the right to appoint consular officers. The disposition of the Persian Government is to resist the establishment of Soviet consulates except in places where Tsarist consuls formerly resided.

49. Considerable interest was displayed among the more enlightened Persians in the proceedings of the conferences held at Genoa and The Hague. It was hoped that as a result of these meetings the economic relations between the Western Powers and Russia would be placed on a regular footing, and that Persia would benefit from the ensuing appeasement. The failure of the conferences to achieve any definite result in the economic sphere came as a disappointment, and Persia found herself left to face single-handed the difficult task of pursuing with Soviet Russia the economic and commercial negotiations whereby she hoped to find a remedy for the practical cessation of commercial exchanges with Russia since the revolution.

50. During the period of these conferences there was a perceptible lull in the Russian propaganda and the anti-British campaign. After The Hague Conference had broken up, both were resumed with renewed intensity. It seemed as if the Russians were bent on bringing about a critical situation in Persia, and even as though they contemplated some kind of *coup*. Everything which could possibly damage the British was raked up in the newspapers, and a vile stream of vituperation and calumny was directed against His Majesty's Government and their representatives. This led to a series of severe representations by His Majesty's Minister to the Persian Government, culminating in a hint that unless means were found to stop the campaign, His Majesty's Government might be unwilling to allow the Minister to remain in Tehran. In the end some satisfaction was obtained, and the Prime Minister suppressed the principal offending newspapers. It can hardly be doubted that this campaign was a deliberate attempt on the part of the Russians to embroil the British and Persian Governments, and if possible to bring about a rupture of relations between them. Attempts were made by the Russians to exploit the differences which arose during the autumn between the Majlis and the Minister for

War and the Majlis and the mullahs; fortunately, they were not very successful. The desire to make capital out of any disturbance or discontent is, however, characteristic of Soviet methods.

51. The campaign of Mustafa Kemal Pasha, the overthrow of the Greek army in Asia Minor and the recapture of Smyrna by the Turks offered a congenial theme for Russian propaganda. These events were hailed in the Russophil press as a victory for Islam in general and for the Turks in particular as champions of the national cause of oppressed Asiatics, and as the overthrow of British policy in the Near and Middle East. Rumours were spread about the town that the knell of British dominion had sounded, that the Moslem States must now group themselves round Russia to reconquer their freedom, and that Russia, in the event of war between Turkey and England would send an army to co-operate in an attack on Irak. It is significant to note in this connection that a secret enquiry was made from Moscow towards the end of the year to ascertain what would be the attitude of the Persian Government in the event of a Russian army crossing Persia to threaten Irak. So far as can be ascertained, however, the Persian authorities found the suggestion most unwelcome. An attempt was also made by the Russian Legation to induce Persia to join in the Russian protest against the alleged closing of the Straits by the British naval forces. The Persian Government had received forewarning of this manoeuvre from His Majesty's Minister, who pointed out that the British fleets were in fact guaranteeing the freedom of the Straits, and that the intention of the Allies was to place their freedom under the protection of the League of Nations, of which Persia was a member. The Russian overture was rejected. Its rejection was accompanied by a display of undisguised irritation in the Russian camp.

52. These various manoeuvres, coupled with the obvious attempts of the Russians to do all in their power, even to provoking war, to prevent the Angora Turks from coming to terms with the Allies, produced a very definite impression on the mind of His Majesty's Minister that Russian policy was endeavouring to upset the internal situation in Persia and to sweep Persia into an alliance with Russia and other Moslem States directed against the Western Allies, and Great Britain in particular; furthermore that they were in a desperate hurry to accomplish their ends before three events happened which might be expected to have a stabilising influence on the situation in Persia. These were:—

- (1.) The conclusion of peace between the Allies and Turkey.
- (2.) The return of the Shah to Tehran from his European visit.
- (3.) The arrival of the American financial advisers.

53. Developments in connection with the Russo-Persian economic negotiations were being conducted at Moscow between a Persian delegation under Taki Zadeh and the Soviet authorities, the former being deprived, owing to Russian opposition, of the services of any European adviser of the Persian Government.

54. As far back as July the British commercial agent at Moscow reported that these negotiations were not proceeding satisfactorily. The fact of the matter was that the Persians found themselves confronted on the part of the Russians with the same intransigent obstinacy and the same mulish insistence on the fantastic doctrine of economies as preached by the apostles of Communism, as had wrecked the conferences at Genoa and The Hague. The resources of the Persians for resisting Russian pretensions and securing equitable treatment for Persia were conspicuously inferior to those of the non-Russian States represented at the above-mentioned conferences, but the need for resuming commercial and economic relations with Russia was so strongly felt in Persia, and especially in the provinces contiguous to Russia which had so severely suffered owing to the collapse of trade with Russia, that the Persian Government did not dare to suspend the negotiations at Moscow. Besides that the newspapers in Tehran, and especially the Russophil ones, were taking the Government of Kawam-es-Sultaneh severely to task for its failure to conclude the negotiations, and gradually a regular campaign was worked up, fanned by the report circulated by the Russians that the deadlock, which meanwhile had inevitably occurred at Moscow, was due to the machiavellian machinations of the British, who had succeeded in reducing Kawam-es-Sultaneh to a state of abject subservience! The Russians appeared to be unaware that the relations between His Majesty's Legation and the Prime Minister were anything but cordial.

55. In the latter half of November and at the moment when the Shah was about to land at Bushire, the Russian Chargé d'Affaires addressed a very strong note to the Prince Regent expressing his inability to work with so hostile a Government as

that of Kawam-es-Sultaneh. The Persians did not allow this impropriety to pass unnoticed, and at the Prime Minister's request the Valiahd sent for M. Shumyatsky and made him take the note back. This did not improve matters with the Russian Legation, which shortly afterwards broke off all relations with the Persian Government and declared its inability to resume them unless the Government were changed or failing the acceptance of the conditions dictated by Russia for a renewal of the negotiations at Moscow. Fortunately Kawam-es-Sultaneh stood out against this disloyal and unusual form of pressure. On the Shah's return to Persia the Russians endeavoured to influence His Imperial Majesty in favour of their demands through their consular officers in Southern Persia, but they were forestalled by His Majesty's Minister, who sent a private message to His Majesty at Bushire to acquaint him with the main features of the situation and point out the extreme undesirability of a change of Government under foreign pressure any way before His Majesty reached his capital and could form his own opinion. The Shah afterwards expressed lively gratitude for this timely counsel, which in the event he followed. Unsatisfactory as Kawam-es-Sultaneh had proved, it seemed necessary to give him this measure of moral support in order to confound the Russian manoeuvre. The latter did not succeed. His Imperial Majesty reached Tehran on the 17th December. On the 31st December Kawam-es-Sultaneh was still in office and the Russian Chargé d'Affaires was still sulking in his tent.

56. There is no doubt that the Russians, since signing the treaty of 1921 with Persia, have found the abandonment of the advantages and privileges which they then ceded, especially the capitulatory rights, extremely irksome and inconvenient. Signs have not been lacking throughout the year that they would like to reassert and resume those privileges, and would not be sorry of an opportunity to convict Persia of failure to carry out the treaty in order to do so. The problem of reconciling a reassertion of the rights still exercised by the "oppressors" of the Moslem States with Russia's self-imposed rôle of championing those States is, however, one which Russian ingenuity has so far failed to solve, and it does indeed seem a difficult circle to square.

(2.) *United States of America.*

57. The interest of relations between Persia and the United States of America during 1922 lay less in anything which actually took place than in Persian expectations.

58. After the disagreement with Great Britain over the 1919 agreement and the ensuing anti-British campaign, which has not yet finished, Persian eyes turned towards America as a possible financial saviour and as a political asset which might be set off against other foreign influences. There were hopes of raising a large loan in New York, and even to the extent of paying off altogether the British creditor. A good deal of pro-Persian propaganda was made in America by the Persian Minister in Washington, Hussein Khan Alai, an English-educated Persian, whose father, Ala-es-Sultaneh, had resided for many years in London as Persian Minister, possessing considerable ability and energy, and a determined effort was made to arouse American interest in Persia. These hopes were, however, doomed to comparative disappointment. The American interest in Persia, which had manifested itself while Persia was knocking vainly at the doors of the Paris Peace Conference, and at the moment of the conclusion of the Anglo-Persian Agreement, flagged and faded; both the American people and their Government were confronted with more engrossing and immediate problems, and it became evident that the United States Government intended to be very cautious in approaching the Persian question, that they would make no bid for the acquisition of political influence in Persia, and that they would on no account risk any embroilment of their relations with His Majesty's Government in connection with Persian affairs. They did insist, however, very strongly on the policy of the "open door" in Persia, and did so no doubt with a very legitimate view of reserving to American enterprise a due share in any future economic development of Persia. Secretive Persian negotiations for a loan met with no success, and American financiers seemed to be conscious of the same considerations as deterred their Government from seeking an active rôle in Persian affairs.

59. The one thing in Persia which did attract American attention were the alleged oil deposits in the northern provinces. This subject is dealt with in detail elsewhere in this report, and it will suffice to say here that even in this case American industry showed a marked reluctance to embark on an adventure in Persia, except in association with a first-class British enterprise.

60. It is indicative, however, of an increased American interest in Persia, that President Harding sent one of his own political lieutenants, Dr. Joseph S. Kornfeld, as Minister to Tehran. The true state of affairs in Persia did not long elude the shrewd and swift intelligence of Dr. Kornfeld. The latter realises that Persia must make a much greater effort to set her own house in order before she becomes a safe investing ground for serious capital, and that speculative adventures would be both unbecoming and ruinous.

61. The Persians did succeed, however, in securing a set of financial advisers from America. They arrived in the autumn under the leadership of Dr. A. C. Millsaugh and set about their herculean task in a manly and resolute way.

(3.) Turkey.

62. The Turks during the past year have played a very passive rôle in Persian affairs. Even the victory of the Kemalists over the Greeks failed to raise any enthusiasm amongst Persians, though this success was made the most of by Soviet and pan-Islamic propagandists as useful anti-British propaganda, and a series of anti-British articles appeared in the local newspapers.

63. The only Kemal activities in the country during the past year worth remarking on were undertaken by a secret committee in Tehran styled the "Kemalist" Committee, whose object was to promote Kemal interests and foment anti-British propaganda.

64. This committee was most active from May until September, when its activities were put a stop to by the Persian Government through the arrest and deportation of certain of its members owing to their undesirable interference in Persian political matters. From September to the end of the year Kemal influence in the country has been remarkably little felt. The news, however, of the appointment of Moheyvedin Pasha as Turkish (Kemalist) Ambassador at Tehran, with the probability of his arriving to take up his duties in January 1923, has given a fillip to Kemal sympathisers, and has resulted in a burst of pro-Kemalist and anti-British propaganda in the local press.

65. It is reasonable to expect that the arrival of Moheyvedin Pasha at Tehran will herald a more active participation by the Turks in Persian politics than has hitherto been the case.

66. It is of interest to note how Persia has been affected during the past year, and is still, by the unstable conditions in Irak, where for many months past in the Mosul Province continuous warfare has been waged by the British authorities against hostile Kurdish tribes supported by Turkish detachments.

67. These operations, being conducted for the most part in the north-east part of the Mosul Province, have brought the actual scene of fighting from time to time close to the Persian border. The Persian Government, in consequence, has feared that Kurdish tribes on the Persian side of the border should be drawn into the quarrel, and that a general disturbance should spread through Persian Kurdistan, which would greatly embarrass the Persians, who are desirous of remaining on good terms of strict neutrality towards both British and Turks.

68. The appointment of Sheikh Mahmoud by the Irak Government to be ruler of the Suleimanieh district in a practically independent capacity, gave the Persians reason for still greater alarm, as they are well acquainted with the previous record of Sheikh Mahmoud, his capacity for intrigue, and the unlikelihood of his keeping his attentions entirely to the Irak side of the frontier.

69. When the winter set in the Turks found difficulties in maintaining communication between Van and their detachments in the Rowanduz area by the direct route via Neri. They desired, therefore, to make use of the easier route across Persian territory via Salmas and Urumia, and sent early in December a party of thirty Turkish soldiers under an officer to Salmas and eight soldiers with an officer to Urumia. These parties were in the nature of a reconnaissance. On an immediate and emphatic protest being made by His Majesty's Minister, the Persian Government ordered the Turks to withdraw whence they came. This order was at once carried out, since when no further infringement of Persian neutrality has been made by the Turks.

(4.) Irak.

70. Persia and Irak have been closely bound together in the past by ties of history and religion, and the effects of that connection are still powerful to-day.

The many thousands of pilgrims who proceed yearly from all parts of Persia to the holy places of the Shia faith at Kerbela and Nejef are evidently interested in the maintenance of regular and friendly relations between their Government and that of the territory in which those shrines are situated.

71. To these ties an economic one has now been added, since the construction of the Irak railways and of the road from the western frontier to Hamadan (together with the virtual closing of the northern trade routes) has diverted the greater part of the trade of Northern and Western Persia towards Bagdad and Basra, and has thus increased the importance of Persia's commercial relations with Irak.

72. Such considerations have not, however, availed to induce any Persian Cabinet to recognise officially the régime established in Irak since the severance of that country's political connection with Turkey. Although a tacit recognition of Great Britain's mandate is implied in Persia's membership of the League of Nations and in the fact that whenever a question has arisen affecting Persian interests in Irak, it is to the British authorities that the Persian Government has had recourse, the latter has nevertheless taken refuge under the pressure of hostile criticism, in the statement that diligent research reveals among the Persian archives no document which could be held to involve Persia's official recognition of the Irak Government.

73. To no one has this attitude been a more fruitful source of trouble than to the Persian Government itself, whose wishes the unrecognised Irak Government has not greatly exerted itself to consult.

74. Thus when in the early spring of 1922 the Shah expressed a desire to visit the holy places on his way to Europe, King Feisal's Government found itself unable to accede thereto, and it became necessary to represent to His Imperial Majesty that the time available before his ship left Basra would not suffice for the intended visit.

75. When again at the end of August two vociferously anti-British mujtahids were persuaded by His Majesty's High Commissioner to leave Irak for a "holiday" in Persia without the Persian Government's consent or knowledge, it was that Government which chiefly felt the embarrassment caused by these unwanted guests, since it had to meet at once a storm of agitation in the Parliament and press demanding immediate freedom for the return of the "exiles" to Irak, and the firm refusal of His Majesty's Minister to allow the Persian Government to remain inert while a stream of abuse, joyfully directed from interested quarters, was poured upon his country and himself.

76. In the same way attempts made by His Majesty's Minister to establish reasonable temporary arrangements between Persia and Irak for the mutual extradition of criminals and military deserters, or for the presentation of citizens of each country residing in the other, have all failed before the Persian Government's extreme timidity in the matter of recognition, and its desire to treat the British mandate as non-existent whenever it has seemed momentarily advantageous to do so.

77. It remains to be seen whether, in view of the certain opposition of the Shia Ulama, and of propaganda ably designed to prevent the establishment of peaceful and normal relations, the Persian Government will be bold enough, on the final conclusion of peace with Turkey, to recognise in law a régime to which it has long been compelled to assent in practice.

(5.) France.

78. Franco-Persian relations during 1922 were normal and uninteresting. The new French Minister, M. Fernand Prévost, who arrived at the end of 1921, did not prove to be a very active diplomatist, and certainly did not pose as the European champion of Islam to the detriment of Great Britain, as has apparently been the case with French representatives elsewhere.

79. Relations between the French and British Legations have been friendly and cordial.

80. Some negotiations took place during the year, and were surrounded by great secretiveness, for the sale by a French company of a wireless transmitting and receiving apparatus, capable of sending to Beirut, to the Persian Government. The transaction was supported by Kawam-es-Sultaneh during his second term of office, but appears to have encountered serious opposition in the Majlis for reasons which are as yet unexplained.

81. M. Prévost also showed considerable interest in the Northern Oil Concession, and did not seem to be displeased when the negotiations for a joint Anglo-Persian Oil Company-Standard Oil Company concession broke down. It may be confidently surmised that a French company was in the field of competitors, either for the whole

concession or for participation therein. So far as is known, however, there is not much likelihood of a French offer being entertained.

(6.) *Belgium.*

82. The principal Belgian interest in Persia is furnished by the Belgian officials employed by the Persian Government in the customs and postal administrations, and the protection of the interests of these officials is the main occupation of the Belgian Legation. Nor is it a sinecure.

83. The Belgian Minister, M. de Raymond, went on leave in the autumn and is unlikely to return. M. Polain has since acted as Chargé d'Affaires. Relations with His Majesty's Legation have been friendly and harmonious.

84. Some of the prominent Belgian officials in the Persian service have put forward the idea, so far rather vague, that British capital might advantageously use Belgian enterprise as a stalking-horse for developing industrial schemes in Persia. It is believed that M. Camille Molitor, until lately Director-General of Posts, will visit London to discuss this idea in greater detail. Judgment in regard to the feasibility or expediency of the proposal must be reserved.

(7.) *Italy.*

85. The presence of an Italian Legation in Tehran seems to serve the purpose of maintaining the prestige of a first-class Power rather than any specific interest. Italy, no doubt, looks forward to an expansion of commercial activity in Persia, and hopes to find there a market for her manufactures. The prospect, however, in present circumstances is a somewhat remote one.

86. During 1922 the Italian Legation has been conducted by a Chargé d'Affaires, M. Galanti, who has proved himself to be an agreeable, intelligent and reliable colleague.

(8.) *Afghanistan.*

87. Two treaties between Persia and Afghanistan were considered in the Majlis in the course of 1922, the one a Postal Convention, the details of which have not been made public and are unknown to His Majesty's Legation, and the other a general treaty regulating the relations between the two countries which was originally signed at Tehran on the 22nd June, 1921, and has since been amended both by the Majlis and by the Afghan Government.

88. In neither case, however, was ratification effected before the end of the year.

IV.—CAPITULATIONS.

(1.) *Protocol for Reception of Foreign Representatives.*

89. By the Treaty of Turkmanchai of 1828 Russia imposed on Persia the concession to Russian subjects of certain privileges resembling those enjoyed by European subjects in Turkey under the "Capitulations," and other Powers enjoyed similar privileges in Persia under most-favoured-nation treaties. Russia having surrendered these privileges by the treaty with Persia of 1921, the Persian Government has shown a disposition to argue that the Treaty of Turkmanchai is equally cancelled as regards the rights derived from it by other Powers, a position fraught with danger to those Powers in respect of certain very important rights, notably that of criminal jurisdiction over their subjects in Persia.

90. Among more important matters, the Treaty of Turkmanchai laid down the ceremonial to be observed on the arrival of newly accredited diplomatic representatives. In August 1922 the Persian Government notified the Foreign Legations, through the dean of the Diplomatic Body, that, the Treaty of Turkmanchai having been abrogated, it had considered it expedient to draw up a new ceremonial, copy of which was furnished for the information of the Diplomatic Body. The latter thereupon assembled to discuss the matter, and it was decided to accept the principle that it was desirable to change the ceremonial, which was out of date and in some respects inconvenient, but that certain amendments must be made in the Persian proposals, and that above all it could in no circumstances be admitted that the change was based on the abrogation of the treaty. The dean accordingly proposed these amendments to the Persian Government, and politely suggested that there was no need to mention the treaty. The Persian Government, in reply, agreed

to the proposals, and accepted the suggestion (though at the same time it repeated the assertion that the treaty was abrogated), and presently communicated a revised copy of the ceremonial. As this, however, was still unsatisfactory, negotiations with the Persian Government were still proceeding, with a view to obtaining certain corrections, at the end of the year.

91. The most important changes in the protocol are: (1) The Persian Government will no longer be obliged to send a Mehmandar from Tehran to meet the new representative at the frontier; instead, the latter will be met by a local official of adequate rank; this will spare the Persian Government a very considerable expense; (2) the Istikbal outside the gate of the city, and the ceremonial entry, will be dispensed with; instead, the new representative will continue his journey direct to his residence in the city, where a high official of the Ministry for Foreign Affairs will present himself a few hours later to welcome him on behalf of the Government. This will spare the representative the immense inconvenience at the end of a long and tiring journey, of having to stop at some garden outside the city to don his uniform and submit to the wearisome formalities of the Istikbal.

(2.) *Karguzaris.*

92. In 1921 the Government of Sayyid Zia-ed-din had shown a desire to abolish the Karguzaris, transferring the jurisdiction in cases concerning foreigners to the ordinary courts, an action to which His Majesty's Government would probably have had serious objections. Sayyid Zia-ed-din's Cabinet fell, but later the Majlis reduced the budget of the Ministry for Foreign Affairs and decided that, as part of the economy thus affected, some of the Karguzaris must be abolished. Having learnt this in January from a conversation with the Minister for Foreign Affairs, His Majesty's Minister consulted the dean of the Diplomatic Corps, who agreed to summon a meeting of the corps to discuss the matter if necessary. Soon afterwards, however, it was ascertained from an official of the Ministry for Foreign Affairs that the functions of the Karguzars were not to be abolished, but merely transferred to the local Governors, a principle which His Majesty's Minister had, meanwhile, strongly urged on the Persian Prime Minister. Reports began to come in from consuls to the effect that the local Karguzars had received orders to close their offices at the end of the Persian year (21st March); no official communication having been received from the Persian Government, the dean addressed to the latter an enquiry on the subject, but it was not till the 27th June that a note was received, stating that the Karguzaris of Fars, Isfahan, Irak, Hamadan, Kurdistan, Kazvin, Khoi, Urumia, Birjand, Bujnurd, Turbat, Enzeli, Lahijan, Zohab and Bunder Naseri were abolished, the local Governors being instructed to take over the duty of dealing with the affairs of foreign subjects, but that it was intended to re-establish some of the Karguzaris, such as those of Fars, Isfahan, Kurdistan and Enzeli.

93. There was thus no question of an attempt to deprive foreign subjects of their privileges, and His Majesty's Government acquiesced in the arrangement, from which British interests do not appear to have suffered any injury. At a meeting of the Diplomatic Body held in September to discuss another matter, the United States Minister stated that American interests were suffering, particularly at Sultanabad. The other representatives, however, had no complaint, and Dr. Kornfeld therefore said that he would take any action required alone.

(3.) *Taxation of Foreigners.*

94. The question of the liability of foreigners to pay Persian taxes appears to have remained for long in a rather indeterminate state. Officially, the attitude maintained by His Majesty's Legation in recent years has been that British subjects are not liable, but that they might be made so if certain reforms in the fiscal system and the military forces were established; at the same time, it has been found in practice advisable to acquiesce in payment under protest, in some cases where refusal was likely to involve the individuals concerned in greater inconvenience than the actual sums to be paid were worth. The general claim of immunity from taxation does not appear to be based on any specific treaty right. The only treaty right in this connection seems to be the stipulation in the Anglo-Persian Commercial Agreement that imported goods, having paid customs duties, shall not be subjected to any further charges.

95. The question became more acute soon after the *coup d'Etat*, when Sayyid Zia-ed-din's Government, which took a keen interest in municipal reforms,

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attempted to enforce a series of municipal taxes, and was brought to a head in September 1921, when the Persian Government communicated to the Legations a notice issued by the Tehran Municipality detailing the municipal taxes and *octroi* dues to be paid in the city. After consultation with his European and American colleagues, Mr. Bridgeman informed the Persian Government that he was disposed to refer the matter to His Majesty's Government, but that it was necessary first to know in what manner it was proposed (1) to collect the taxes, (2) to safeguard treaty rights in regard to imported goods, (3) to ensure that the proceeds would be applied to the purposes for which they were levied, and (4) to ensure that all complaints from the Legation or consulates should receive prompt attention and redress. The Persian Government replied in December that taxation was a privilege of the Government of the country and enforceable on foreigners as on natives, and that, with regard to the particular points submitted, "(1) the taxes would be levied in accordance with Government notice; (2) the taxes had no connection with imported goods, being levied on the means of transport, internal consignments and rents; (3) it would be the duty of the Government to see that they were spent on repairs, sanitation, &c.; (4) anybody could complain to the proper authorities and justice would be done."

96. This reply was unsatisfactory, particularly (2), which did not explain the specific reference in the municipality's notice to certain imported goods, and evaded the obvious truth that a tax on the means of transport of imported goods amounted to the same thing as a tax on the goods, since it would inevitably be added to the cost of the latter. This was the position at the end of 1921.

97. On the 11th January His Majesty's Minister had a conversation with the Minister for Foreign Affairs, who enquired whether the Legation would allow British subjects to pay municipal taxes if the Persian Government arranged that transport of merchandise should not be taxed. His Majesty's Minister replied that he would have to consult his colleagues, since all foreigners were interested, and he suggested that his Excellency should address an enquiry to the dean of the Diplomatic Corps. His Majesty's Minister informed the dean of this conversation, and M. de Raymond said that he would address the Persian Government on the subject. After various reminders and protests to the Persian Government against attempts to levy the taxes, and consultations with the other Legations, a collective note was eventually drafted, signed by the British, Belgian, French, American and Italian representatives, and presented to the Persian Government on the 14th June.

98. The collective note insisted on two principles: (1) the due observance of treaty obligations in regard to imported goods, and (2) uniformity of taxation based on a municipal law passed by the Majlis, and agreed to submit proposals to the respective Governments so soon as agreement had been reached on these points between the Persian Government and the Legations. That is as far as the negotiations have got, for, in spite of repeated reminders, no reply has been elicited from the Persian Government. It is hoped that the American financial advisers will put matters on a more satisfactory footing, but meanwhile every town and village considers itself entitled to levy "navaghel" on the traffic passing through it, and little, if any, of the money thus collected is spent on public services. An entirely unjustifiable burden on trade is thus added to the road tolls levied on carrossable roads—and in some cases on roads which can hardly be termed carrossable—the proceeds of which are also to a large extent misappropriated.

99. It will be observed that the collective action of the Diplomatic Body dealt only with municipal taxation. Cases of attempts to levy Imperial taxation on British subjects have been separately dealt with by the Legation.

(4.) Prohibition.

100. The Government of Sayyid Zia-ed-din had endeavoured to institute prohibition in 1921; the importation, manufacture and sale of alcoholic beverages were forbidden. After the fall of the *coup d'Etat* Cabinet the prohibition of importation was maintained, but the manufacture and sale of native liquors was permitted, and officially recognised by the imposition of an excise duty. In these circumstances there naturally arose an outcry amongst foreign residents and traders, and vigorous protests were made to the Persian Government both by the French and British Legations. His Majesty's Minister did not fail to point out the injustice done to British trade, as well as the inconvenience to British subjects, but in vain. All that was achieved was that the Persian Government admitted the right of diplomatic and consular officers to import liquor for their own use, and also granted special per-

mission for the Anglo-Persian Oil Company and Messrs. Strick, Scott and Co. to import alcoholic beverages for their European and Indian employees. By the end of 1922 the position remained unaltered, though it is evident, from the fact that the stocks of foreign liquor are not exhausted, that considerable quantities have been imported, in spite of the Persian Government's assertion that no exceptions to the law are allowed.

(5.) Persians in Irak and Irakis in Persia.

101. During the year 1921 the thorny question of the protection to be afforded by His Majesty's consular officers to Irakis resident in Persia provided material for copious correspondence with the Persian Government and troubled the existence of consuls wherever two or three of the Bagdadi Jews, who control so much of Persia's Western trade, were gathered together.

102. The instructions of His Majesty's Government contained in Marquess Curzon's telegram No. 327 of the 16th August, 1921, accorded the status of British-protected person to all natives of Irak in possession of authorised forms of *laissez-passer* or emergency certificates clearly indicating their nationality. The Persian Government, however, refused to admit such protection unless and until the status of Persians in Irak had been settled in a sense satisfactory to itself. So far as it is possible to understand the Persian point of view from various obscurely-worded notes on the subject, what the Persian Government appeared to desire was that, so far as Persian subjects in Irak were concerned, the old system, equivalent in practice to reciprocal capitulations, which had subsisted under the Turkish régime, should be considered to remain in force, but that, since the Persian Government did not recognise the Government of the Irak, Irakis in Persia should be amenable to the local laws.

103. The view of His Majesty's High Commissioner was that identity of treatment should be accorded to Persians in Irak and Irakis in Persia. The nature of that treatment, however, remained undecided, and Mr. Bridgeman, in his despatch No. 199 of the 6th October, accordingly enquired of His Majesty's Principal Secretary of State for Foreign Affairs whether some system could not be devised whereby the Persian would enjoy privileges in Mesopotamia not inferior to those claimed, in view of the British mandate over the Irak for the natives of that country in Persia.

104. On the 19th November the Secretary of State despatched a telegram superseding the former instructions of His Majesty's Government, and stating that until the status of persons of Irak origin had been definitely established they could no longer be registered as British-protected persons, but that "good offices" might be extended to such natives of Irak as satisfied certain specified conditions.

105. Meanwhile the Persian Government continued to discover mares' nests in the form of reports regarding the conscription or execution of Persian subjects in Irak, and to instruct provincial Karguzars (*e.g.*, at Tabriz, Hamadan and Isfahan) not to intervene in cases connected with Irakis, but to refer them to the Adlieh.

106. Such was the position when, towards the end of December, Sir Percy Loraine reached Persia. A petition signed by fifteen Bagdadi merchants of Hamadan, and delivered to him *en route*, immediately drew his attention to the problem. On his arrival at Tehran he was greeted by a note from the Persian Government protesting against the trial of Persian subjects in Irak without the participation of Persian consular officers.

107. In view of the evident desirability of reaching, as soon as possible, a working agreement between the two countries, Sir Percy Loraine, on the 31st December, telegraphed to Sir Percy Cox proposing that, as a *modus vivendi*, and pending the regulation of the international status of the Irakian State, the latter should admit the good offices of Persian consuls on behalf of Persian subjects, and the Persian Government should admit the good offices of British consuls on behalf of Irakis. Having secured the High Commissioner's consent to this proposal, His Majesty's Minister commended it to the Persian Government as a temporary and equitable solution of the question.

108. His note, after a delay of over six weeks, was answered by the barren statement that it would be impossible for the Persian Government to agree to any point which might be based on Capitulations in Persia—this from the same Government which had but two months earlier demanded that no step should be taken by the Irak authorities in matters concerning Persian subjects without the intervention

of Persian consular officers! His Majesty's Minister nevertheless returned to the charge, asking whether or not the Persian Government accepted, as a temporary measure, the *modus vivendi* previously suggested by him. After a further interval of silence the Persian Government expressed its inability to make any arrangements "on the basis of capitulations," even if temporary.

109. This obstructive reply was communicated to Sir Percy Cox by His Majesty's Minister, who enquired whether the High Commissioner desired him to point out to the Persian Government that "good offices" did not presuppose a capitulatory régime, or whether he should take note of the Persian rejection of his proposal and add that, in consequence, the good offices of Persian consuls in Irak could not, of course, now be admitted. To have carried out the first alternative would logically have entailed acquiescence in the trial of Iraklis in the Adliyah courts, and Sir Percy Cox thus preferred the second alternative, in the sense of which His Majesty's Minister addressed the Persian Government by a note of the 6th April.

110. There the matter perforce rested, though the point was once more driven home by Sir Percy Loraine on the 31st July, when, in response to a despatch from Sir Percy Cox, he communicated to the President of the Council the decision of the Irak Government to refuse privileges in Irak to the consular officers of any country which did not in return accord similar privileges to the consular officers representing Irak abroad. At the same time he drew His Highness's attention to the contrast between the unprotected condition of Iraklis in Persia and the extravagant powers claimed by the Persian Government for Persian consuls in Irak. A notable instance of the Persian Government's attitude in this respect is afforded by the case of the Persian consul-general in Bagdad, which has been recorded elsewhere in this report.

111. The state of affairs created by the Persian Government's own obstinacy was a cause of small comfort to Persians in Irak, on whose behalf the Persian Government in the course of 1922 rained in a shower of notes complaining of the harsh treatment said to have been accorded to them. These allegations were, however, of the vaguest description, and it was a matter of extreme difficulty to induce the Persian Government to cite specific cases.

112. Especially disingenuous was the Persian Government's reiterated assertion that Persians in Irak had been innocent of participation in the events of 1920, and had "abhorred the Arabs' deeds," since it was notorious that the Shia divines of Nejef and Kerbela were among the most violent and virulent opponents of the British mandate and of King Feisal's Government, which very naturally refused to make any distinction between Persians and Arabs as regards compensation for damage inflicted in suppressing the rising.

113. On the 19th October, the Legation asked for a detailed statement in support of the vague assertions of ill-treatment previously made by the Persian Government, but up to the end of the year the latter had vouchsafed no reply.

(6.) *Persian Consul-General in Bagdad.*

114. As stated elsewhere in this report, the Persian Government has consistently avoided explicit recognition of the British mandate over the Irak.

115. Early in 1922 the Persian consul-general in Bagdad, Hajji Mofatteh-ul-Mulk, thrust into prominence the difficulties inherent in this indeterminate condition of affairs by imprisoning in the consulate-general an insolvent Persian carpet-dealer, Mashallah-bin-Abdullah by name, and extracting from him, for the benefit of the only Persian among his numerous creditors, the greater part of his available assets in the form of rugs, in defiance of the rights of the other (Iraki) creditors. Mashallah petitioned the Irak Minister of Justice, on whose behalf the High Commissioner took up the case with the consul-general.

116. In view of the latter's obstinate silence, the High Commissioner was constrained to communicate with the Persian Government via His Majesty's Legation, and there ensued a voluminous correspondence, in which the Persian Government invoked in support of the action of their consul (who had meanwhile shown his goodwill by repeating the offence in another case, and this time clapping his prisoner in irons) the convention between Persia and Turkey of Zi'l-Qa'da 21st, A.H. 1292 ("Hertslet," 1891, p. 179), which granted to the consuls of one country powers of trial and punishment in suits between their own nationals resident in the other. The Persian Government likewise denied the legality in international law of a direct prosecution of the consul-general by the Irak authorities for acts in execution of his duties, and stated that the matter must be referred to his Government.

117. At the beginning of May the Legation learnt that the Mofatteh-ul-Mulk was being recalled and replaced, but Sir Percy Cox requested that he should be instructed to remain in Bagdad until agreement had been reached with regard to the action to be taken in expiation of his crimes. The High Commissioner's view was—

- (a.) That the Perso-Turkish Convention did not empower Persian consuls to arrest and imprison, but merely to decide and award sentences.
- (b.) That the convention was no longer in force, since the privilege granted under it to Persian consuls were to be those accorded to the consuls of other foreign nations, and that it therefore stood or fell with the Capitulations which, if the Persian Government considered the Irak to be still Ottoman territory, had been abolished by the Turkish Government itself. If, on the other hand, the Persian Government, as a member of the League of Nations, recognised Great Britain's mandate, the Capitulations had been suspended under the terms thereof.
- (c.) That from the consul-general's own statement, no criminal charge lay against either of the persons imprisoned, and that they both appeared to have been imprisoned before the settlement of their cases, which were of a civil nature.

118. Sir Percy Cox, wishing to limit the discussion to the attempt of the Mofatteh-ul-Mulk to exercise powers of arrest and imprisonment not claimed by the consuls of other nations, merely desired the Persian Government to recognise that the consul-general had acted in both cases in excess of his rights, and to authorise him to pay, in consultation with the High Commissioner, reasonable compensation to the aggrieved persons.

119. Telegraphic information received by the Legation on the 6th October from the High Commissioner, to the effect that the consul-general had fled secretly from Bagdad on the 15th August, led to the further exchange of notes of a somewhat academic character.

120. The President of the Council, however, enlivened the correspondence by a communication in which he demanded reparation for the indignity suffered by the Mofatteh-ul-Mulk through his involuntary detention in Bagdad, but was induced to substitute for this note another, couched in terms less likely to prejudice smooth relations between Persia and the Irak, copy of which was transmitted to the Foreign Office under cover of Sir Percy Loraine's despatch No. 753 of the 31st December. No evidence appeared therein of a change of heart on the part of the Persian Government: it was, on the contrary, evident that the latter still considered the consul-general to have acted within his rights according to a treaty which continued in force so long as the international status of the Irak, "which, since the universal war, claims to have been separated from Turkey," had not been fixed. The Persian Government, nevertheless, promised to do justice in the affair in question whenever the two Persian subjects incarcerated by the Mofatteh-ul-Mulk should lodge their complaints against him in the Persian courts.

V.—INTERNAL AFFAIRS.

(1.) *Financial Situation.*

121. The close of the year 1921 had left the Persian Government in the quandary which had become so familiar in recent years: the pay of troops and Government servants was months in arrear and the Treasury was empty. The Government was, as usual, begging for an advance from British sources, but His Majesty's Government had made it clear that they would only facilitate such an operation on four conditions: (1) that the anti-British activities of the Persian Minister in Washington should cease; (2) that the Persian Government's royalties from the Anglo-Persian Oil Company should not be offered as security for loans from their parties; (3) that the validity of British concessions should be fully recognised; and (4) that railway concessions already under discussion with a British syndicate should not be offered elsewhere.

122. As a result of the firm stand taken in this attitude, the new year opened with an apparently sincere endeavour by the Prime Minister, Kawam-es-Sultaneh, to find a formula embodying the British terms which the Majlis could be persuaded to accept. At the same time, in order that there should be no doubt in the minds either of the Majlis or of the general public with regard to the exact nature of the

terms, His Majesty's Government agreed to the proposal of His Majesty's Minister to publish them in the local press. A communiqué was prepared, carefully drafted to avoid offence to America, but, in view of the fall of the Persian Cabinet in the middle of January and the changing situation with regard to Anglo-American co-operation in the northern oilfield and the imminent engagement of American financial advisers, the proposal was abandoned.

123. The abortive negotiations with Kawam-es-Sultaneh had also received a rude shock on the 5th January, when a resolution was suddenly rushed through the Majlis, authorising the acceptance of an advance, from an unspecified American source, of 1 million dollars secured on the Anglo-Persian Oil Company royalties. Considerable mystery shrouded this operation for some time. His Majesty's Government naturally regarded it as referring to an advance on the 5 million dollar loan to be granted by the Anglo-Persian Oil Company-Standard Oil Company combination in connection with the Northern Oil Concession, which there now seemed reason to hope would be given to that group by the Persian Government. With characteristic cunning, however, the latter, as eventually appeared, had contrived to obtain the advance without definitely binding itself to the grant of the concession, the Persian Minister at Washington having apparently hoodwinked the representatives of the companies into signing an agreement in which no mention whatever was made of the concession. (This question is dealt with in another section.)

124. Although the Persian Prime Minister protested that this move did not imply the end of the negotiations regarding the four conditions, the situation was, in fact, changing, owing to the agreement between the British and American oil companies and the engagement of American financial advisers for Persia which, after a short hesitation, His Majesty's Government decided to encourage and support. Our hold on the purse-strings was, therefore, now employed in the first place to endeavour to compel the Persian Government to come to terms with the Anglo-American oil combine, and in the second place—and more and more prominently towards the end of the year, in proportion as the oil question receded into the mists of Persian political intrigue—in the endeavour to secure the Persian Government's recognition of its indebtedness in respect of the various large advances made to it in recent years by His Majesty's Government, and the placing of these debts on a sound basis by the provision of payment of interest and sinking fund out of the southern customs revenues. This had been formally demanded on the 16th December, 1921, and throughout 1922 every endeavour was made to obtain the Persian Government's consent to the request, viz., that the Persian Government should "authorise" the Imperial Bank of Persia to appropriate, on and after the 8th April (1922) out of the customs receipts of Kermanshah, Fars and the Gulf Ports, and Seistan (after "satisfaction of the prior charges arising out of the Anglo-Indian sterling loan of £314,286 16s. 4d. and the sterling loan of 1911 of £1,250,000) the sums necessary "to provide monthly payments of £9,438 0s. 4d. and 966,233 krans 83 cents for the "account of His Majesty's Government," to provide interest and amortisation in twenty years of the floating advances, which amounted on the 8th March, 1922, to £1,217,333 11s. and 124,626,714 krans 75 cents, against which the only payment actually being made was £2,858 6s. 8d. monthly for interest on the 1912-14 advances amounting to £490,000. (It should be noted that interest and sinking fund were already being regularly paid on two previous loans mentioned above: the Anglo-Indian sterling loan of £314,286 16s. 4d., on which £29,606 2s. is paid yearly, and the sterling loan of 1911 of £1,250,000, on which £68,470 is paid yearly.)

125. While successive Persian Governments professed a desire to arrive at a satisfactory settlement of this important matter, all they did in effect was to raise objections to various items in the account when, under Mushir-ed-Dowleh's leadership, they were actually prevailed upon to discuss it. With the fall of his Cabinet these discussions came to an end, and constant pressure on his successor, Kawam-es-Sultaneh, to whom the original demand had been addressed, was fruitless, the Minister's notes, indeed, remaining unanswered. In these circumstances the only hope appears to lie in the good sense of Dr. Millspaugh, who arrived in November to undertake the reorganisation of Persian finances.

126. Meanwhile the policy of His Majesty's Government was at first to place an embargo on all advances from British sources, and later, to refuse to approve any advances sought by the Persian Government from the Imperial Bank of Persia involving specific securities such as the customs receipts, on which it was desired to secure the debt to His Majesty's Government, while admitting that the Bank was at liberty to make small advances on the current revenue of the State in the ordinary

way of its legitimate business. (The Anglo-Persian Oil Company royalties were, practically, earmarked as the future security for the loan to be made by the Anglo-American group in connection with the Northern Oil Concession.) The Imperial Bank of Persia, which was already sufficiently unpopular, was not prospering in business, and was feeling the menace of competition by the Imperial Ottoman Bank (which opened offices in Tehran in the summer), was thus placed in an embarrassing position. Its privileges, as the State bank, carried with them the obligation to assist the State in such matters, and it was difficult to explain, without admitting what would appear to the latter an undue subservience to British political pressure, its refusal to advance money on such excellent security as the customs receipts, which moreover, as the only assured and calculable revenue, had always been regarded as the particular source from which such current advances on general revenues were to be repaid.

127. Apart from the difficulties of the bank, other important considerations had to be borne in mind. There was always the danger of a complete collapse of Persia into anarchy for want of ready money; and while His Majesty's Government successfully, in the case of the oil concession, demonstrated their ability to prevent the southern oil royalties from being mortgaged to other parties without their consent, it was by no means certain that they would be able to do the same with regard to the southern customs revenues. In one case, also, the particularly urgent need of money to purchase grain to avert a famine in Tehran provided a compelling reason to relax the embargo. The Imperial Bank of Persia was thus allowed to make two advances to the Persian Government, which renewed its lien on the customs revenues up to the 8th March, 1923, but on the condition, recorded in a private agreement between the Legation and the bank, that any lien on these revenues which might eventually be given by the Persian Government to His Majesty's Government for the service of their debts should take precedence of the bank's lien. In August it was considered advisable, in connection with the Northern Oil Concession negotiations, to allow the bank to advance £100,000 on the Anglo-Persian Oil Company royalties due for payment in December, most of this sum being urgently needed for the army in Azerbaijan; and in October, when the Persian Government learned that these royalties had been under-estimated and amounted to £575,000, of which £150,000 still remained unpledged, it was impossible to refuse to allow it to draw another £100,000. The remaining £50,000 were drawn in November.

128. Finally, in response to an urgent appeal by Dr. Millspaugh for assistance to meet current expenditure till the end of the Persian financial year (the 20th March), His Majesty's Government consented on the 18th December to advances by the bank of 1 million tomans per mensem secured on the Anglo-Persian Oil Company royalties. It is understood that, in the event of the Northern Oil Concession being granted and the loan of 10 million dollars attached to it being given on the same security, these advances will be liquidated and the security released in favour of the loan.

129. The foregoing will have given some idea of the precarious condition of Persian finances and the hand-to-mouth character of the expedients by which the administration is kept going. It is yet too early to forecast whether the American financial advisers will succeed in organising a sound fiscal system. All that can be said is that they are working very hard.

130. The friendliest relations have been established between His Majesty's Legation and the advisers, in spite of a certain shyness imposed on the latter by the necessity of guarding against Persian imputations of undue British influence.

131. Some mention should perhaps be made of the new "Bank of Persia." By their treaty of 1921 with Persia, the Russian Soviet Government handed over to the latter the old "Banque d'Escompte," the financial condition of which appeared, however, to render it a gift of little value: it seems to be burdened with more liabilities than realisable assets. The Persian Government determined, however, to endeavour to erect it into a rival of the Imperial Bank of Persia by reorganising it under the style of "Bank of Persia"—a title against which the Legation has in vain protested as prejudicial to the interests of the Imperial Bank of Persia, which is the State bank. One of the American advisers, Dr. Bogart (who has also taken over the mint from the Belgian M. Moreau), has been placed in charge of the bank. Apart from some inconvenience from correspondence going astray owing to the similarity of the title, the Imperial Bank of Persia does not, however, seem to be in any imminent danger of suffering from the competition of this rival.

(2.) Tribes.

(a.) Fars: Tribes and Leaders. Anglo-Persian Oil Company Interests.

132. In October 1921 the last remnants of the South Persia Rifles were being disbanded, and the absence of any disciplined force was soon to cause considerable reaction against law and order. The presence of the South Persia Rifles had brought a period of quiet to the province, and although the people had found Farman Farma's four years of Government somewhat irksome, there was no disturbance. In the spring of 1921 Prince Nosret-es-Sultaneh had been made Governor-General in place of Mussadik-es-Sultaneh, the latter refusing to recognise the Government of Sayyid Zia, but these changes did not affect the condition of tranquillity, which was still assured by the South Persia Rifles. However, the disappearance of that force and the failure to replace it at once by any other was bound to lead to some trouble. The petty chieftains on the road, like Nasr Diwan, who had not dared to return to their villages, whilst the South Persia Rifles were in being, gradually filtered back to their haunts, and robbery and blackmail soon rendered the Bushire-Shiraz road unsafe.

133. Kawam-ul-Mulk, chief of the Khamseh Arab tribes, and consistently friendly towards Great Britain, had profited by the authority of the South Persia Rifles to bring to heel certain subordinate chiefs of his tribes who had refused to recognise his overlordship during the previous years, and so well and so justly had he re-established his authority, that perfect order reigned amongst his Arab tribesmen.

134. Soulet-ed-Dowleh, the leader of the Kashgai tribes, however, was animated by entirely different sentiments. Ever since 1919, when as the result of his unsuccessful campaign against the South Persia Rifles he had been forced to relinquish his paramount position as chief of the tribe, he had remained sullen and had harboured feelings of revenge. In December 1920, owing to the fact that both his half brothers had failed to prove their possession of the qualities which were necessary for the rulership of the tribe, Soulet-ed-Dowleh's eldest son Muhammad Nasir was made chief of the Kashgai.

135. Muhammad Nasir, however, was too young to wield any personal influence and was Ilkhani only in name, all the affairs and business of the tribe reverting to Soulet himself.

136. On the disappearance of the South Persia Rifles, Soulet again came to the front, and by making full use of his anti-British sentiments at a time when such sentiments were the one title to be recognised as a patriot, he received marks of gratitude from the Persian Government, and feeling all powerful, he permitted his tribes to plunder and harry just as they liked. During the first six months of 1922 nothing was immune from robbery at the hands of his tribesmen: post wagons were rifled, travellers attacked and killed, and sheep were raided in thousands. Although the Minister of War despatched some officers and a few troops to Shiraz at the end of 1921, little progress was made in recruiting, owing to shortage of funds, and owing to active operations being in progress elsewhere, so that the necessary amount of attention could not be given to Fars, but by the beginning of the summer, matters improved and the troops were increased. The spring migration of the Kashgai had been marked by a long series of raids and robberies, but the autumn return was quite peaceable, the presence of sufficient armed forces in Fars proving a good deterrent to the innate marauding spirit of the tribesmen. The Minister of War made much of Soulet, and hoped that diplomacy and persuasion would accomplish that which alone could be done by force. The result was deplorable, but Soulet in addition to being greedy, avaricious and revengeful, is also a coward, and now that sufficient troops are to be found in Fars he is not likely to give further trouble.

137. The old feud between Soulet and Kawam was patched up at a meeting which took place on the 13th August, between the two chiefs and representatives of the army. At this meeting Soulet promised solemnly to prevent his tribesmen from raiding Kawam-ul-Mulk's villages, but his influence over certain sections of the Kashgai is not very great, and the day after the reconciliation a large number of sheep were stolen from one the Kawam's villages. As the event has, however, not recurred it is just possible that it happened before the news of reconciliation had become known.

138. His Highness Nosret-es-Sultaneh was not a conspicuous success as Governor-General of the province, and the lack of co-operation of the military in maintaining peace in the province at first and later the interference of the army in matters

pertaining to civil administration, made his task extremely difficult. Moreover the town of Shiraz itself was seething with intrigue which the Prince seemed powerless to stop, and it culminated in a row between rival factions of Democrats and a clamour for the dismissal of the Prince. The incident was, however, tided over largely owing to the personal influence of Kawam-ul-Mulk with the townspeople and when the agitation had subsided, the Prince who had been far from well, took the opportunity of resigning with honour, and left Shiraz at the end of October. His Highness Prince Sarem-ed-Dowleh was shortly afterwards appointed to succeed him, and proceeded to Shiraz late in November. About the same time the Minister of War left for Isfahan, Shiraz and Bushire to welcome His Majesty the Shah, who was returning from Europe and was due at Bushire at the end of November. The Minister of War's visit to the south was very useful from the point of view of the experience which he gained at first hand, and it was also very useful that he should have an opportunity of impressing his own personality on the various chiefs in Fars and the Bushire hinterland. He appears to have treated them all well, but erred in bestowing honours on some of those petty chieftains whose past was one long series of rebellious acts against the Government of former times. He at the same time issued a proclamation to them to be loyal in the future to the Government, and made appropriate threats of coercion if they should fail in this their duty. The only unfortunate incident was his arrest and imprisonment of the son of the chief of Hayat Daoud on a charge of disrespect. His Majesty's consul-general at Bushire is of the opinion that in this action the Minister of War deliberately aimed at British influence in the south, but at the request of His Majesty's Minister the young man was subsequently forgiven and released and the Minister of War assured the Minister that he had no *arrière-pensée* in this action.

139. In October 1921, the Anglo-Persian Oil Company had made an agreement with the Kashkuli Khans for the exploitation of oil in the Bikarz area of the Kashkuli country some 60 miles north of Bushire, and this agreement had been refused recognition by the Persian Government, who asserted that it was contrary to the terms of the company's concession to make agreements with tribespeople without the previous consent of the Persian Government and also some land and water rights were disputable. Soulet-ed-Dowleh was also jealous of the recognition accorded to the Kashkuli Khans by the company. It was therefore resolved to make a new agreement with Soulet-ed-Dowleh with the consent of the Persian Government. Sir A. Wilson accordingly visited Soulet on the 19th May and in the presence of a representative of the Persian Government concluded an agreement with him, in which the previous agreement with the Kashkuli Khans was modified and included. Sir A. Wilson subsequently visited Tehran and in the absence of a Cabinet explained to and discussed the new agreement with the Minister of War and the Under-Secretaries of State. The Minister of War subsequently promised to obtain the ratification of the agreement by the Persian Government. Although the agreement was submitted to the Cabinet of Kawam-es-Sultaneh in July it has not yet received ratification, but there is every hope that such ratification will not now be long delayed.

(b.) Bakhtiari and Sheikh of Mohammerah.

140. In January 1922 Serdar Sepah, the Minister of War, turned his attention towards South Persia, sent a body of troops to Isfahan, and created a southern division as he had already created an eastern and western division. The Bakhtiari Khans had long regarded Isfahan as the outpost of their own country, and had been Governors there most of the time since the Constitution. They regarded this extension of authority of the Central Government with much suspicion, and believed that it was part of a plan to diminish their authority more especially as the other Governorships which they had often been accustomed to fill, such as Yazd and Sultanabad, had been taken from them during the previous year. However, they still retained the Governorships of Isfahan and Behbahan, which they regarded as necessary to their own existence of semi-independence, both places being regarded in the nature of doorways into their own home. Since the *coup d'Etat* of 1909 the Bakhtiari Khans had become exceedingly wealthy by reason of the various Government posts which they had held and their families had increased greatly in size, the sons of the elder khans now having arrived at an age when they considered that they, too, were ripe to hold Governorships and other official posts. So long as the khans had been able to hold Government offices outside their own tract of country, there

had been more or less sufficient Government employment to keep them and their families contented, but no sooner were some of these appointments taken away than they started to quarrel amongst themselves and showed considerable restiveness at the evident desire of the Central Government to diminish their influence.

141. The khans had always profited considerably by their Governorship of Behbahan and Kuhgilu, but their greed overcame their wisdom, and when the Central Government requested them to pay the Kuhgilu taxes into the Central Treasury, they pretended that their expenses exceeded their income and resigned the Governorship.

142. Ever since the beginning of the year the khans had tried to arrive at an agreement between themselves over their internal organisation and the collection and expenditure of their revenue. The younger khans, now grown up and showing a keen desire to take their share in the affairs of the tribe, a desire by no means welcomed by their elders, had formed an association amongst themselves, called the Setareh Bakhtiar, and through it were bringing pressure on the elder khans which the latter did their best to parry. The desire on the part of the younger khans to share in the profitable administration of the country was keenly resented, and they were characterised as Bolsheviks, and the report was sedulously spread that the Setareh Bakhtiar was a Bolshevik institution. The programme of the institution was social reform, improved road communications, and a telephone system from Isfahan to Dehkurd. The elder khans had to give way in part, and the telephone system was laid, as also a motor road from Isfahan to Dehkurd, and later an arrangement was come to whereby the elder and younger khans of both the Ilkhani and Hajji Ilkhani branches should participate in the general administration of Bakhtiari. This arrangement, however, has so far only existed on paper, with the consequent result that the family quarrels still continue.

143. The Central Government had meanwhile been extending its military formations in the south towards Shiraz, and in April the despatch of troops to Arabistan was also rumoured. In response to enquiries made, it was, however, made known that the Central Government had no immediate intention of doing this, although it expressed the general intention of organising military formations in all the distant parts of the provinces.

144. The question of the amount of revenue which the Sheikh of Mohammerah ought to pay to the Treasury had come before the Parliament, and he had come in for some severe criticism. The American financial advisers were to start shortly for Persia, and it was deemed desirable for the sheikh to settle this question both to avoid giving any material reason for the despatch of a detachment of troops to his area and also to obviate any future censure as regards the amount of revenue payable by him on the part of the American financial adviser. The revenue officer from Arabistan had come on leave to Tehran in May, and an enquiry was held. Finally in November the official in question returned to Arabistan, having more or less convinced the Ministry of Finance that the revenue so far paid by the sheikh had been adequate, but so far as is known the Persian Government has not yet signified its acquiescence on this point.

145. In the meanwhile the military formation in Isfahan was being gradually increased, and in response to a previous request by the Governor-General of Arabistan to be supplied with a small bodyguard, some 250 men were suddenly despatched without any warning through Bakhtiari territory to Shuster. Although the unwisdom of this act was brought to the serious notice of the Persian Government as it had made no preparations either with the Bakhtiari or the Sheikh of Mohammerah for the safe passage or fitting reception of this detachment the Central Government persisted in its idea with the result that at the beginning of August at Shelil, a point on the Bakhtiari road near to Kuhgilu territory, the detachment was attacked by Kuhgilu tribesmen, who, after inflicting some casualties on the force, disarmed it and robbed it of all its arms and equipment. The incident occasioned much angry and bitter criticism of the Bakhtiaris, who were roundly condemned as traitors and murderers, and for some time there was great effervescence in Tehran against them both in Parliament and press. Finally it was arranged to send a commission of enquiry, and at the end of September, Serdar Jang Bakhtiari accompanied by two officers delegated by the Minister of War left for Isfahan and Bakhtiari to investigate. By the end of October the military members returned to Isfahan and reported that the aggressors had been really Kuhgilu tribesmen together with a few rebel Bakhtiaris. The Bakhtiari Khans undertook to organise an expedition to punish the Kuhgilus and endeavour to recover the stolen rifles and equipment.

This was in due course done, and the greater part of the equipment was restored to the Government.

146. In November, when the Minister of War was on his way to the south to meet His Majesty the Shah arriving from Europe, the leading Bakhtiari Khans met him in Isfahan, and it was then arranged that the Bakhtiari should pay an indemnity to the families of the men of the detachment who had been killed in their country as a final settlement of the incident.

147. In September the Governor-General of Arabistan, Zahir-ul-Mulk, who had shortly before been given the title of Moayyed-ed-Dowleh, having made himself generally unpopular in Arabistan, was obliged to resign, and he was succeeded by Mushir-ed-Dowleh, who had been until then Governor of Bushire. The Persian Government still seemed to wish to send a body of troops to Arabistan as a body-guard to the Governor-General, but Mushir-ed-Dowleh on being asked for his opinion deprecated the idea and the Persian Government has temporarily acquiesced.

148. In October Serdar Ashja, the Bakhtiari Governor of Isfahan, resigned by reason of a severe heart attack and in the following month a non-Bakhtiari Governor was appointed.

149. The Shelil incident and the resulting danger of a clash between the Central Government and the Bakhtiaris served a useful purpose in causing the khans to cease their family quarrels and to become outwardly united, but signs are not wanting that as that incident recedes more and more into the past, the khans family quarrels are again breaking out and unless they exercise great care, they will afford the Central Government the opportunity it would undoubtedly like to have of stepping into Bakhtiari country and taking over the administration of it from the khans.

(c.) *Western Tribes: Kalhors, Sinjabis, &c.*

150. The Kalhor tribe had remained peaceful since the return of Suleiman Khan, Amir Azam, at the beginning of 1921, but ever since he had reassumed the leadership of the Kalhor, his nephew, Abbas Khan, Amir Muazam, who had been kept in honorable exile in Tehran, had not ceased in his endeavours to obtain permission to return to the tribe as well.

151. During 1921 the Minister for War had appointed a Divisional Commander for West Persia, and gradually a western division was being formed and the authority of the Central Government was by degrees re-established in the outlying tribal country. At the beginning of 1922 certain sections of the tribe had become discontented with Amir Azam and were clamouring for the return of Amir Muazam. The Central Government, confident of the fact that it now possessed sufficient forces to check any disorder, finally agreed that Amir Muazam should return and took upon itself to bring about a reconciliation between the two chiefs, the idea being that Amir Muazam should live in Kermanshah, his uncle remaining with the tribe. Accordingly Amir Muazam left Tehran for Kermanshah in February, accompanied by the Divisional Commander of the West, but Amir Azam, not being sufficiently assured of the intentions of the Central Government, did not await the arrival of his nephew, but sought refuge with the Vali of Pusht-i-Kuh. The Kalhor tribe, abandoned by its chief, sent emissaries to Amir Muazam to offer him the leadership, which, with the sanction of the Central Government, he accepted. During Amir Azam's sojourn with the Vali of Pusht-i-Kuh the latter endeavoured to bring about the much-sought-after reconciliation between the two chiefs, and finally succeeded, and in October Amir Azam had gained sufficient confidence to return to the tribe.

152. The two chiefs apparently came to some understanding as to the headship, and Amir Azam remained in Kalhor whilst Amir Muazam went to Kermanshah. The reconciliation outwardly appeared to be complete, but Amir Muazam secretly pursued a policy of hostility to his uncle, in which he had the sympathy of the Persian Government.

153. In November, Amir Muazam returned to Kalhor with some Treasury officials who had been ordered to enquire into the amount of revenue payable by the Kalhor tribe. Amir Azam denied any responsibility for the revenue payable during the eight months that he had been a refugee in Pusht-i-Kuh. High words appear to have passed between the two chiefs and their partisans, and when the meeting was breaking up, Pasha Khan, a younger brother of Amir Muazam, suddenly drew a revolver, shot Amir Azam dead, and wounded some of his relatives. Subsequently the principal partisans of Amir Azam, together with the dead man's son, took refuge in Irak, where they now await the instructions of the Persian Government as to the future.

Sinjabis.

154. Complete harmony has reigned in the Sinjabi tribe during the whole year, and the chiefs have been entirely loyal in keeping the peace. Up to August Serdar Mukhtadir and Salar Zaffar had been detained in Tehran, where the Soviet representatives had endeavoured to attract them, and it was feared that these blandishments might have had some effect, especially on Serdar Mukhtadir, who is somewhat unbalanced. Moreover, after the Persian Government had allowed them to return to their tribe in August, His Majesty's Minister learnt that the Soviet Legation had given them a sum of money for their travelling expenses. The conditions of this grant are not known, but in October it came to the knowledge of His Majesty's Minister that the Soviet consul in Kermanshah had received instructions from his Legation to remind the chiefs as delicately as possible that they were indebted to the Soviet Legation. It seems clear that the Soviet representative here thought he had landed the chiefs in the net, but, apart from occasional reports that they frequent the Soviet consul in Kermanshah, they would appear to be perfectly loyal to their own Government. The Sinjabis have never liked the Russians, and, if the contrary appeared to be the case while the two chiefs were detained in Tehran, it may be ascribed to the fact that they were willing to contract any temporary alliance which might help them to return the sooner to their homes.

155. Allied with the Sinjabis are the tribes of the Guran confederation, a conglomeration of small tribal units of whom the Kalkhani are the principal. They caused some trouble on the Kermanshah-Kasr-i-Shirin road in June, but Serdar Nassir Sinjabi was soon able to bring them to reason. Since then, and in spite of the fact that emissaries of Ismail Aga Simko were busy among the tribes before his final defeat by the forces of the Central Government, good order has been maintained in Western Persia.

(3.) The Fourth Majlis.

156. The fourth Majlis in the constitutional history of Persia was formally opened on the 22nd June, 1921. It will be remembered that its predecessor dissolved itself by the fact of most of its members leaving the capital in the late autumn of 1915 with the Turkish, German and Austrian representatives, the Swedish officers and a large part of the gendarmerie, and a few other Persian notables with enemy sympathies. The confusion which reigned in Persia during the four years of war had not permitted the assembly of the Parliament, although the election of the Tehran Deputies actually sitting in the present Parliament took place as far back as 1917. From then until 1919 no further steps for holding elections had been taken, but some elections were held in 1919 and 1920, and early in 1921 there were sixty-nine members, the quorum necessary to permit of the formal opening, present in Tehran. The *coup d'Etat* of February, however, delayed that act, and it was only after a return to the old régime under the aegis of Kawam-es-Sultaneh that the formal opening could be made.

157. The constitutional law provides for 137 Deputies, of which number one-half, with the addition of one member, gives a sufficient number for all purposes. The greatest number of members who have at any one time been sitting is eighty-four, and this small number is accounted for by incomplete election, refusals to accept membership, appointment of members to Government posts and subsequent failure to hold bye-elections. It may safely be said that the present Majlis is extremely unpopular in the country by reason of the fact that the members were elected mostly by methods of compulsion, and in the eighteen months that have elapsed they have done nothing for the public weal, but have been consistently occupied with interfering in matters outside their competence, and each Deputy has continually placed his own personal interests in the forefront either by working to obtain a more lucrative post for himself or for anybody else who was willing to pay for his services.

158. Kawam-es-Sultaneh, during whose premiership it came into being, was clever enough to ensure for himself a working majority in the House. The leaders of this majority were Sayyid Hassan Mudarris, an impecunious demagogue from the vicinity of Isfahan, who, owing to half-a-dozen Tehran Deputies resigning their seats, was just able to squeeze himself in as the twelfth Deputy for Tehran, and His Highness Nosret-ed-Dowleh, who by using very illegal means ever heard of was able, in the Cabinet of Vossuk-ed-Dowleh, in which he himself was a leading light, to secure his own election from Kermanshah. This unholy alliance of the fanatical, turbanned demagogue of very doubtful parentage with the great-grandson of Fath Ali Shah was brought about by the fact that both of them were cast into prison by Sayyid Zia-ed-din, and the Prince emerged from prison swearing hatred

of the British, thereby acquiring the respect of Mudarris, who, ever since the Anglo-Persian Convention of 1919, had been bitterly opposed to British influence in Persia. Community of ideas, whether true or false, cemented the friendship, and in a Chamber composed for the most part of demagogues and nonentities these two political jugglers found a large following. The one object in life of Mudarris is to be accounted somebody and to have people whom he realises are cleverer than himself continually coming to him for advice. His Highness Nosret-ed-Dowleh cleverly exploited this weakness, and the advice generally tendered by Mudarris was that put into his mouth by the Prince, and thus the latter, himself the most unpopular member of the House, was able through his more simple and stupid ally to control the Parliament and use it for his own ends. Those ends have been uniformly of an anti-British nature, for the Prince's one object is to show what a powerful political personage he is in order that he may, on his own terms, insinuate himself again into his former position of friendship and trust with His Majesty's Government.

159. The Minority party is led by Prince Suleiman Mirza, a demagogue of the negative kind, with very democratic tendencies. He is a descendant of Fath Ali Shah and was one of the chief leaders amongst those Deputies who left Tehran in 1915 with the representatives of the Central Powers. He was taken prisoner after the raid on the Sinjabi tribe in the early part of 1918 and was removed to India as a political prisoner, only returning to Persia in the summer of 1921. His political programme is doctrinaire and largely obstructive, and up to the autumn of 1922 he had gathered round him a number of Deputies of the same mentality as himself, with no other resolve than to negative as far as lay in his power any constructive measure that the Government might bring to the Parliament.

160. The remainder of the Deputies were mainly Independents, at different times inclining to either of the two principal parties.

161. Such was the position at the autumn of this year, but since then a somewhat radical change of parties has occurred. Many of the Independents and some of the Majority party coalesced and together with the Minority party formed a coalition against the Government and the Majority party so that the two parties became almost numerically equal. With this state of affairs in the House the Government of Kawam-es-Sultaneh has hardly been able to form a working majority, and the House has been the scene of much confusion, which has entirely suspended all legislative business.

162. It is no exaggeration to state that during the eighteen months since the inception of the Majlis up to date, it has not passed more than one Act of any real importance, nor has it done anything to alleviate the distress or improve the lot of the Persian people. The one Act referred to was the engagement of an American financial expert to reorganise the finances of the country, but it still remains to be seen whether the authority given to the American adviser is sufficient to enable him to carry out his task and whether, when the time comes, it will give him the necessary backing without which he cannot succeed.

163. The Majlis has spent most of its time in discussing the terms of the North Oil Concession, which it originally offered to the Standard Oil Company of New York. It has been a most tedious discussion in which personal gain and personal grudges have played a large part. After it had been offered to the Standard Oil Company, and a loan of 1,000,000 dollars had been extracted from the company, the Majlis suddenly decided to open the offer to other American companies. The Sinclair Oil Company sent representatives to Tehran, and a tremendous press campaign for Sinclair against the Standard could leave no doubt that money actually did pass or that substantial promises were made. However that may be, both companies put forward their proposals to the Majlis, but neither was found acceptable, and out of them, the Majlis Foreign Affairs Commission, presided over by Nosret-ed-Dowleh, evolved another set of proposals, which the Majlis has passed many months in discussing without having been able to arrive at an agreement, and it still remains to be seen whether, by the time that the two years' lease of life of this Chamber will have ended, it will have evolved something that is acceptable to any American company or not.

164. The Majlis has also put forward many plans for prolonging its own life, but has not yet been able to arrange anything which would be in accordance with the constitutional law of the country.

165. In the early autumn it came to grips with the ulama over certain press articles which the ulama considered to be anti-religious. Kawam-es-Sultaneh,

attacked on all sides by the press, was attempting to obtain sanction to a law for trial of press offences by jury, as outlined in the Press Law. The Minority party showed a good deal of opposition, and certain utterances made with regard to Islam by Suleiman Mirza brought down on him the wrath of the priests, who actually ordered his excommunication. Finally, after several weeks of intense confusion, during which the priests took refuge in one of the principal mosques, a peace was patched up by Parliament consenting to a mild form of religious censorship of the press and by ratifying a temporary law for the trial by jury of offending editors.

166. A law limiting the period of residence of Persian Ministers abroad to five years has also been passed, but His Majesty the Shah having voiced his displeasure thereat, it has so far remained in abeyance.

167. The failure of this Majlis to take any steps to relieve the distress and poverty of the people, or to do any signal act for the public weal, coupled with the venality and egotism of its members, has earned for it a worse reputation than any of its predecessors.

(4.) *The Press.*

168. The press in Persia is neither the echo of public opinion nor does it attempt to educate public opinion in the manner generally obtaining in European countries. It is at the service of the highest bidder, entirely venal, and generally abusive.

169. Sayyid Zia-ed-din, himself a journalist more nearly approaching the European standard, appraised his would-be confrères at their real value, and when he became Prime Minister after the *coup d'Etat* of February 1921, he cast the majority of them into prison. When, after his fall, they were liberated, the Sayyid had left the country, and, as he had always been a warm supporter of British influence in Persia, the vengeance of these gutter press-writers was directed mainly against the British Government and this Legation. The opening of the Majlis in June 1921 was the signal for complete liberty of the press, and torrents of abuse were poured out against the Sayyid, his partisans, and the policy they stood for.

170. The Russian Soviet envoy, himself a journalist of a somewhat similar type, saw a great opportunity for furthering the ends of his Government and undermining the influence of his British rival, and lost no time in buying a number of papers, whose editors became his docile propagandists. Very large sums of money were spent by the Soviet Legation in this way, and newspapers increased considerably in numbers, and all were able, in varying degrees, to obtain, from time to time, sums of money from the Soviet treasure chest in return for which they abused or blackmailed everybody, from the Shah to the humblest State functionary. The newspapers have followed this policy in more or less intense degree during the last eighteen months, and have thriven. Since the opening of this Parliament, the Ministry of Education has issued concessions for upwards of 200 newspapers in Tehran alone, and no standard of education is required of the concessionnaires, many of whom are entirely illiterate and employ others to write articles for them or find them ready made in the press department of the Soviet Legation.

171. It is perfectly evident that in a town of 300,000 inhabitants only a bare tenth of whom can read or write, such a large number of newspapers could not possibly exist unless some extraordinary means of doing so can be found. Although those newspapers appearing regularly do not exceed twenty-five or thirty, the rest appear spasmodically, and sometimes only take the form of a special edition, if there is any special piece of propaganda to be done. The villainous abuse levelled at all and sundry has so terrorised the upper classes, many of whom, at certain times in their past careers have done things of which they are not particularly proud, that they pay, from time to time, large sums as hush money, and so prolong the evil.

172. The appearance of Soviet consuls in the provinces at Resht, Kermanshah, Isfahan, Shiraz, Meshed and Kerman, many of them ex-journalists of the well-known type, and furnished with money for propaganda, brought about the same conditions on a smaller scale in the provinces.

173. During the year under review, His Majesty's Minister has been compelled on several occasions to complain seriously to the Persian Government of abusive articles appearing both in Tehran and in the provinces against His Majesty's Government and British officials, and the Persian Government has generally suspended the offending newspaper, but many of these so-called journalists, having foreseen that at sometime their paper might be suspended, had taken the precaution of obtaining previously three or four concessions for papers of different names, and no sooner was one of their papers forbidden to appear, than there appeared in its

place another, with the announcement underneath its name, that it appeared in the place of the suspended paper.

174. In order to overcome this mere confiscation of a name, Kawam-es-Sultaneh laid before the Majlis a Bill for the trial of offenders under the already existing Press Law by jury, but the House showed considerable opposition, not out of any friendship for the press, but out of personal animosity to Kawam-es-Sultaneh himself. At the first time of asking, the Bill did not pass, but after a serious complaint by the ulama against anti-religious articles which had appeared in certain newspapers, Kawam-es-Sultaneh was able to obtain parliamentary sanction to a provisional law for trial by jury.

175. After this the tone of the press improved somewhat, but as the machinery of the law for trial by jury has shown itself to be rather cumbersome, the press has again raised its head, and there has latterly been a slight recrudescence of virulence which has been met by further confiscation of the offending newspapers.

(5.) *Russian Activities.*

176. The defeat of Kuchik Khan and the suppression of the revolutionary movement in Gilan in the autumn of 1921 proved a severe set-back to Russian designs in Persia, where their ultimate objective has been and still is the formation of a Communist State under the influence of the Third International.

177. It was now clear to M. Rothstein, the Russian Minister at Tehran, that the chief obstacle to the progress of the Russian policy in Persia lay in the power and personality of Reza Khan, the Minister of War. He therefore organised an intensive propaganda campaign against Reza Khan, and spared no pains or money to bring about his downfall. His efforts completely failed by the end of April and resulted in increasing the unpopularity of the Russians in Persia. Rothstein was recalled to Russia and left Tehran on the 23rd May, being followed a few days later by Colonel Rogachof, the Russian military attaché. Rothstein was replaced by M. Shumyatsky as *Chargé d'Affaires*, and Colonel Rogachof by an officer named Apin, a young Lett of no military ability, but an ardent Communist.

178. M. Shumyatsky commenced his period of office by changing most of the staff employed by M. Rothstein both in Tehran and in the provinces, and by effecting great reductions in numbers of official employees on the grounds of economy. His general policy, however, has been similar to that of Rothstein, namely, the spread of Communism, and the desire to increase Russian influence and Russian trade in Persia at the expense of British. To attain his object he has continued the anti-British propaganda campaign both in the press and by means of agents, which M. Rothstein had organised. Russian Soviet consulates have been opened at Shiraz, Kerman, Maku and Ardebil in addition to those already established at Meshed, Isfahan, Astarabad, Bandar-i-Gaz, Enzeli, Resht, Kazvin, Tabriz and Kermanshah. Each consulate has been a centre for propaganda work, and consuls have been chosen primarily for their abilities in this respect.

179. The Persian press, both in the capital and in the provinces, has been freely subsidised.

180. The "Vneshtorg" (Russian Foreign Trade Department), with its branches established over Persia, described in section XI, 1, of this report, has played an important part in the distribution of Communist propaganda and the dissemination of Communist principles amongst the people.

181. Communism, however, does not appeal to the Persian people, close enough to Russia to be able to see the appalling conditions now prevailing in that country, and in spite of the great expenditure of money on propaganda and agents the Soviet officials have made no progress; in fact, have done themselves more harm than good. They still regard Gilan and Mazanderan as being the most fruitful soil for their propaganda, and their principal efforts during the latter part of the year have been concentrated on these two provinces.

VI.—CONCESSIONS.

(1.) *Anglo-Persian Oil Company's Agreements with Kashkuli and Kashgai.*

182. With a view to development operations in Dasht-i-Kil and Bikarz in the Province of Fars the Anglo-Persian Oil Company had found it necessary to conclude,

in October 1921, an agreement with the Kashkuli chiefs; it was also intended that the resident director, Sir A. Wilson, should meet Soulet-ed-Dowleh, the leader of the Kashgais, who claimed overlordship over the Kashkuli, in order to appease his susceptibilities. Soulet-ed-Dowleh, on his side, lost no time in instigating a protest by the Persian Government, on the ground that the Company had no right to make agreements with tribal leaders independently of the Central Government, and that the agreement dealt with questions of ownership of lands, &c., which were in the competence of the Government alone. Such was the position at the end of 1921, the object of the Government and of Soulet being, of course, apart from questions of *amour-propre*, to secure some direct profit out of the business in the same way as the Kashkuli. In the interests of the Anglo-Persian Oil Company itself it therefore became necessary to make the Government and Soulet-ed-Dowleh parties to the agreement, and it was arranged that Sir A. Wilson should meet the latter in the spring, and then come on to Tehran to settle with the Government. When the time for the spring migration of the tribes arrived, a very tense situation arose owing to the menace of an attack by Soulet on the Kashkuli. Fortunately this was averted. Sir A. Wilson met Soulet near Shiraz early in May, and, in the presence of an official representative of the Government, concluded an agreement with him, nominally on behalf of his son, the Ilkhani of the Kashgai, and a revised agreement with the Kashgai and Kashkuli chiefs. Sir Arnold then came to Tehran, where most unfortunately there was no Cabinet to negotiate with owing to the prolonged crisis following the resignation of Mushir-ed-Dowleh. Sir Arnold, however, explained matters to the War Minister, Serdar Sepah, who promised him support when a Cabinet should be formed. Subsequently repeated endeavours were made to secure the ratification of the agreements by the Persian Government, but the latter still continues to shelve the question.

(2.) North Persian Oil.

183. The Anglo-Persian Oil Company had acquired in 1920 from a Georgian subject named Khostaria, concessions for oil exploitation in the provinces of Ardebil, Gilan, Mazandaran and Astarabad. The Persian Government disputed the validity of the concessions, while His Majesty's Government asserted it, and by the end of 1921 the dispute had reached a deadlock of mutual contradiction. Meanwhile, the Persian Minister in Washington, Hussein Khan Alai, had been actively arranging for American enterprise to supplant British, and in Tehran the Majlis had passed a resolution proposed by the Government to grant a concession for the northern oil-field to the Standard Oil Company. The latter, however, were sufficiently impressed by the British claim to be induced to negotiate with the Anglo-Persian Oil Company for the acceptance of a joint concession, and, in January 1922, agreement on this principle between the two companies and the Persian Government appeared to be almost in sight. A loan of 5,000,000 dollars was to go with the concession, and the Government being in very urgent need of ready money, an advance of 1,000,000 was agreed to. As mentioned elsewhere in this report the Persian Government contrived, however, to obtain this advance without binding itself to grant the concession although this was not known to His Majesty's Legation, which continued strenuously to combat the Persian Government's assertion of the fact until it learnt the truth from the American Legation on the 4th May. Meanwhile, and subsequently, the negotiations continued between the two companies on the one hand, and the Persian Government on the other. The Anglo-Persian Oil Company went to the utmost limits of conciliation to meet the bitter opposition to British participation instigated principally by Nosret-ed-Dowleh. The British company consented to the omission of all mention of the Khostaria Concession from the proposed agreement, to the American company being the sole nominal concessionaire, and to the actual operations being conducted only by Americans; and it seems likely that the opposition would have been overcome had there been no other competitor in the field. Unfortunately there was, in the shape of the Sinclair Company of America, which, though of inferior financial importance to the Standard Oil Company, had two immense advantages; it was not associated with a British company, and it had representatives on the spot, apparently well provided with funds, for propaganda purposes. The United States Government instructed its Legation to maintain a strictly neutral attitude as between the two American companies, and His Majesty's Legation was thus forced into the position of the sole diplomatic champion of the Anglo-American combination, a position so prejudicial to the chances

of success that it was instructed in June to abandon it. The struggle thus resolved itself into a competition between the two companies to offer the more tempting terms to the Persian Government, complicated by the tangle of Persian political intrigues and the hopes of Persian statesmen to extract substantial personal benefits from the wealthy competitors.

184. The Government and the Majlis mutually attempted to shift on to each other's shoulders the responsibility for the final decision, and the latest phase of the question was that the Prime Minister (Kawam-es-Sultaneh) was trying hard to induce the Majlis to accept a set of terms, apparently evolved by himself and Nosret-ed-Dowleh, to be proposed to the competitors. These terms were distinctly less advantageous to the Government than any previously proposed, and it was strongly rumoured that they were the result of the Sinclair Company's offer of a bribe of £200,000, to become payable on the actual grant of the concession.

185. Two things appear rather strange: the slowness—amounting almost to obstructiveness when compared with the forthcoming attitude of the Anglo-Persian Oil Company—of the Standard Oil Company in responding to the desiderata of the Persian Government in the negotiations for the joint concession, and the aloofness of the United States Government, on the ground of impartiality between two American companies, by which it rendered practically worthless its protestations in favour of Anglo-American co-operation. The first phenomenon may have been due to a diminishing eagerness to risk capital in an unknown and speculative field like Persia, without the operative association of a powerful British company already possessing a wide experience of Persian conditions. The second phenomenon is believed to be due to reasons of internal American politics, which precluded any official support by the present republican Administration to the Standard Oil Company for fear that this should be interpreted as a reward for services rendered by that company to the Republican party at the last presidential election.

(3.) Persian Railway Syndicate.

186. It may be well to recapitulate briefly the documents on which the British options are based:—

(1.) A rescript by Naser-ed-din Shah, dated the 16th September, 1888, declared that "... the priority of the English Government over others in 'the construction of a southern railway to Tehran continues to hold good; and 'certainly, whenever railway concessions in the north, &c., are given to others, 'immediately a concession for a railway from Tehran to Shuster, or such a one, 'will be given to the English company ... and positively no southern 'railway, without consultation with the English Government, will be granted 'to any foreign company.'

(2.) The Persian Railway Syndicate obtained, on the 2nd March, 1913, an option for the construction of a railway "from Mohammerah, or some spot 'adjacent thereto, to Khorremabad." A survey was to be begun at once and completed in eighteen months, and within the next six months the Persian Government was to decide whether the railway was to be built by the syndicate as a State railway, at the expense of the Government, or whether a concession should be given to the syndicate. But, "should events of *force-majeure* hinder 'the operations of the surveyors, the period of the right of option and the period 'fixed for presenting the result of the survey will be prolonged for a period 'equal to that during which the above-mentioned operations have been delayed.' This option has never been submitted to the Majlis for confirmation.

(3.) Part of the survey was made, but owing to the disturbed condition of Arabistan and Luristan, it was impossible to complete it. The syndicate therefore obtained on the 19th March, 1914, an extension of time for "eighteen 'months from the date when the state of the district to be surveyed permits of 'the resumption of operations.'

(4.) On the 10th January, 1920, the Persian Minister for Foreign Affairs, Nosret-ed-Dowleh, addressed a letter to the syndicate confirming its rights in connection with the construction of the Mohammerah-Khorremabad line, and granting it a "right of option for the construction and equipment of a railway 'from Khanikin to Tehran, via Kermanshah, Hamadan, Kazvin, with branch 'to Enzeli, on the Caspian Sea, or from Khanikin to Hamadan and Tehran by 'such other route as may be ultimately decided after survey, provided in any 'case that railway line shall be extended via Kazvin to Enzeli ...' A

survey was to be made at once and preliminary plans and estimates presented within eighteen months, subject to extension of time for reasons of *force-majeure*, and in one year thereafter the Government was to decide whether to have a State railway or to grant a concession. "Should the Persian Government, after the expiry of the periods mentioned . . . decide not to construct the railways as State railways, and should the syndicate not be agreeable to accepting a concession on reasonable and practicable terms, then the Persian Government shall give notice that after six months following the above-mentioned period they will take over the plans and surveys and pay for them a price equal to the cost thereof and interest thereon."

(5.) In another letter of the same date, the 10th January, 1920, Nosret-ed-Dowleh signified the Persian Government's agreement "to the extension of the Mohammerah-Khorremabad line . . . to connect with a point on the prospective Khanikin-Tehran-Enzeli Railway."

187. The syndicate fulfilled its engagement regarding the survey of the Khanikin-Tehran alignment, presenting the preliminary plans and estimates to the Persian Government on the 7th July, 1921, and claimed an extension of time in regard to the Mohammerah-Khorremabad extension to the above-mentioned main line, and the Kazvin-Enzeli branch line, having been prevented by *force-majeure* from surveying these. It claimed no extension of time in regard to the Khanikin-Tehran line, but reserved the right to do so should any difference of opinion exist with regard to its having fulfilled the terms of the contract. It also reminded the Government that the latter had to decide by the 10th July, 1922, the manner in which the construction of the Khanikin-Tehran line was to be carried out, and informed it of the expenses incurred on the surveys.

188. His Majesty's Government learnt in the course of 1921 that the Persian Minister in Washington had been instructed to endeavour to interest American capital in railway construction in Persia, and His Majesty's Ambassador was therefore made acquainted with the prior British rights recorded in the five documents above mentioned and authorised to use this information.

189. On the 10th August, 1922, the syndicate wrote a letter, which was duly delivered to the Persian Government, giving further information and a much-reduced estimate of cost of the line from Khanikin to Tehran (via Nubaran), and requesting payment of the sums spent on surveys of this and the Mohammerah-Khorremabad line, plus interest. The Persian Government made no reply to this communication, and, in view of the political situation, it seemed wiser not to press the matter. The syndicate was, by the autumn of 1922, already considering the possibility of inviting American co-operation, and its representative in Tehran approached the United States Minister on the subject. The result is not yet known. Meanwhile the American Legation appears to have discussed other projects for railway construction. A Bill, dated the 31st October, was submitted to the Majlis granting an option to two Persians, Nabil-ed-Dowleh and Hishmat-es-Sultaneh, for the construction of a railway from Bushire or one of the ports in the Straits of Kishm to Shiraz and Isfahan, and thence to Kazvin in two branches, one via Gulpaigan and Hamadan, the other via Kashan, Kum and Tehran; from Kazvin the line would be extended to Enzeli. It would be open to His Majesty's Government to object that such a concession, involving as it did the participation of foreign capital, could, in view of Naser-ed-din's rescript, only be granted with their consent, but the possibility of this contention being contested by the Persian promoters seemed to be foreshadowed by the fifth article of the Bill, which provided that the head offices of any companies formed to carry out the concession should be in Persia, such companies being, therefore, nominally Persian. It appeared, however, very doubtful that the option would be obtained, or, if it were, that the promoters would be able to secure the capital to float the enterprise.

190. In its letter of the 10th August to the Persian Government, the Persian Railway Syndicate had stated that its representative in Tehran had authority to negotiate a loan for the financing of the railway construction, and, in its instructions to Mr. Fairley, the syndicate had suggested that such a loan should be secured partly on customs revenues not yet hypothecated, and partly on the Anglo-Persian Oil Company's royalties and on surplus revenues of the railway. These instructions having been communicated to His Majesty's Government, the latter informed the syndicate on the 22nd September that, until the Persian Government had made suitable provision for sinking fund and interest on its debts, they could not consent

to the alienation, for purposes of a further loan, of any sources of revenue such as the oil royalties, while the customs receipts had been pledged to them for some time past.

191. It is noticeable that, although the syndicate, in its letter of the 10th August, speaks of its agreement with the Persian Government as a "concession," it is only an "option," and it must be remembered that it is still unratified by the Majlis.

192. The syndicate's letter also spoke of the survey for the Mohammerah-Khorremabad line as having been "completed in 1913-14," whereas it is clear from the fact that an extension of time was sought and granted, as recorded in the papers quoted above, that the survey was not completed.

(4.) Wireless.

193. Two questions relating to wireless telegraphy in Persia have been raised in the course of the year: (1) the status of existing foreign installations in the country; and (2) the possible grant of a concession to a foreign company for the erection and operation of stations for Government and public use.

(1.) The Anglo-Persian Oil Company had already, in 1922, a station in the oil-fields, and another at Abadan and the erection of two others, at Dasht-i-Gil and Genaweh, was sanctioned by His Majesty's Government in February. His Majesty's Government have stations, operated by the Indo-European Telegraph Department, at Bushire, Lingah and Henjam. The former are purely for the private use of the company, whose right to erect them may be considered to be covered by the D'Arcy Concession. The latter were put up by His Majesty's Government, mainly in connection with the suppression of arms traffic, between 1910 and 1912 (the installation at Lingah was transferred thither in 1917 from Jask, where it had been since about 1910). The Persian Government's consent to their erection was not obtained. The Russian and French Legations have private installations, the latter, however, being only a receiving apparatus. In April 1922 the Persian Government formally demanded the abolition of all foreign wireless stations in Persia. His Majesty's Legation did not reply in writing, but the Minister orally drew the attention of the Prime Minister to the indispensable utility, especially to navigation, of the Gulf stations, and suggested that the proper course to pursue would be to find a basis on which their status could be regularised. His Highness acquiesced in this view. Correspondence on the subject ensued between the Legation, the Foreign Office, the Government of India, and the Residency at Bushire, but the Persian Government dropped the subject and no action was required. The Minister was confidentially informed that the Persian Government's demand was aimed principally at the Russian station, and it was certainly not likely that the Russian Legation would consent to its abolition. It is possible, however, that the Persian action was connected with what follows under (2). There was also a receiving set at Meshed erected by British forces during the war, but no mention of this was made in the Persian note.

(2.) In May it was secretly learnt that a Swedish offer to erect wireless stations in Persia had been made, and apparently rejected by the Persian Government, and that the latter had been in communication with Berlin on the subject. Later in the same month further secret reports were received that negotiations, which had been begun, but dropped, in 1920, were proceeding with the French Legation. His Majesty's Minister suggested that immediate steps should be taken by the Marconi Company to endeavour to obtain a concession, approaching the Persian Government if possible under cover of some foreign subsidiary company, since a direct British offer would certainly be opposed. The Marconi Company, however, decided to seek a concession in conjunction with the Imperial Bank of Persia, and the latter accordingly made an offer to the Persian Government about the end of September. Meanwhile, on the 14th September, a Bill was introduced into the Majlis to sanction an agreement with a French company for a station at Tehran, with preference for that company for any further stations required, unless others offered better terms. By the end of the year, this Bill had been approved by a Parliamentary Committee, but had made no further progress. It appears that the Bill was later on opposed by the Majlis, notwithstanding the fact that it was supported by the Prime Minister, Kawam-es-Sultaneh. The reason of this opposition remains obscure. Information was also received in November that a German offer was under consideration; and the Indo-European Telegraph Company, which had applied before the war for a wireless monopoly, is also contemplating a proposal to the Persian Government.

VII.—TELEGRAPHS.

Arabistan.

194. During the war a telegraph office was established at Abadan by the telegraph section of the Mesopotamian Expeditionary Force, and connected by cable across the river with Irak. The British also established an office at Mohammerah, and these two offices are now also connected by a land line. British authorities also took over the Persian telegraph offices and lines in Arabistan from Ahwaz to Dizful as a matter of military necessity, and paid compensation for them up to July 1921, when they were restored to the Persian administration.

195. The Persian Government demand that the Abadan and Mohammerah offices, now in possession of the Irak Telegraph Administration, should be returned to them. After an exchange of correspondence with the Foreign Office and Bagdad, His Majesty's Minister was authorised to agree to this eventually, on conditions to be settled between himself and the High Commissioner, Bagdad. His Majesty's Minister proposed the following procedure: To inform the Persian Government that the two offices will be handed over if and when a limitrophic agreement is concluded between Persia and Irak; to try to induce the Persian Government to put Indo-European Telegraph Department operators at Mohammerah, Abadan and Ahwaz as supervisors at the cost of the Persian Government, and, in the event of its refusal, to threaten the creation of offices on the Irak bank of the Shatt-el-Arab; and to stipulate for the assumption of control by the Indo-European Telegraph Department of the Tehran-Khanikin line.

196. His Majesty's High Commissioner at first held out for an attempt to retain the two offices in the hands of the Irak Administration, but finally stated that if general British interests would be more greatly benefited by the *beau geste* of their return, he would raise no difficulties.

Tehran-Hamadan-Khanikin.

197. The Tehran-Hamadan-Kasr-i-Shirin line, at one time part of the Indo-European Telegraph Department system, was handed over to the Persian Telegraph Administration, which maintained it till 1915. The Hamadan-Kasr-i-Shirin section was then successively destroyed and rebuilt by the Russians and Turks as they retreated or advanced respectively, a Persian telegraph official accompanying the Russians, when they advanced, to repair the line. When, finally, the British forces arrived on the scene, they built a new line from Kuraitu to Kerind, and strengthened the Persian line from Kerind to Hamadan.

198. When the British forces evacuated Persia in the spring of 1921, the Irak Telegraph Administration took over this part of the line, and the present position is as follows: Irak controls this section with skeleton staffs at Hamadan and Kermanshah; there are two wires between those two places, one worked by Irak and one by the Persians; two wires between Kermanshah and Kerind, one worked by Irak and the other by Persians; three wires between Kerind and Kuraitu, one worked by Irak and the other two idle. The Tehran-Hamadan section has remained undisturbed under Persian control.

199. The Indo-European Telegraph Department has the right, under article 16 of the convention of 1872, to resume control of the whole line. The High Commissioner at Bagdad suggested in 1921 that the right should be exercised, and on the 29th October, 1921, His Majesty's Legation addressed a request in that sense to the Persian Government, proposing a division of the terminal rates in the same proportions as on the Tehran-Bushire and Central Persian lines. Before this, however, the Persian Government had already requested the restoration to their control of the parts of the line still in British hands, and offered to buy some of the material if the British were unwilling to turn it over free of charge. The Persian Government persisted in this demand, and in a reply to the note of the 29th October stated that so far as it was aware, nothing had occurred to invalidate the right claimed by the Indo-European Telegraph Department, but added that "even if the right still existed" it was necessary that justice should be done to the Persian Government's demands regarding other telegraph questions before this one could be considered.

200. In these circumstances it became necessary to link up all the telegraph questions into one negotiation, which has not, however, yet taken place; on the one hand, the Persian Government has failed to open conversations; on the other, there has been some divergence of view between the various British Departments concerned,

and the India Office has refused to accept liability for possible loss in working the Tehran-Khanikin line.

201. Meanwhile, the Persians have been erecting a line from Kerind to Kasr-i-Shirin, which is on the point of completion.

Hamadan-Kazvin.

202. This line was originally built by the Russians, who, however, destroyed it to a great extent on their retreat, and abandoned what they did not destroy. The Persian Government took possession of what remained, rebuilt the line from Kazvin to Aveh, and were proceeding with construction towards Hamadan, when the British forces arrived and built practically a new line from Hamadan to Aveh and took over the Persian line from Aveh to Kazvin.

203. The Persian Government claims the line, and in January 1922 the Persians cut it and connected it to the Persian system, thus preventing its further use by the Irak operators. They also removed and stored various parts from the loop lines which the British had constructed for military purposes. A claim was thereupon lodged with the Persian Government for 90,000 rupees, representing the British expenditure on the line. The Persian Government rejected the claim on the ground that it was not liable for expenditure which the British had incurred for war purposes and that it had itself suffered loss owing to the "closure" of the telegraph offices. His Majesty's Government are prepared to acquiesce in the Persian possession of the line, subject to payment of 90,000 rupees.

Mesher-Seistan.

204. Before the war this line, though belonging to Persia, was controlled by the Russians. During the war the British forces took it over, and since their withdrawal it had been operated by the Indian Administration of Posts and Telegraphs. The Persian Government has repeatedly demanded the restoration of this line; it was thought desirable, however, that it should be taken over and run by the Indo-European Telegraph Department in a manner similar to the Tehran-Mesher line; after some abortive conversations between the Department and the Persian Ministry of Posts and Telegraphs this desideratum on the British side was abandoned, and His Majesty's Government are now prepared to acquiesce in the restoration of the line to Persia subject to an assurance that it shall not again fall into Russian hands. If satisfactory general agreement be reached in regard to telegraph questions, His Majesty's Government are prepared to waive the cost of the improvements effected on this line.

Henjam-Bunder Abbas (Cable and Line).

205. By the agreement of 1905 Great Britain is entitled to claim from the Persian Government expenses up to 75,000 rupees for the construction, &c., of this line and cable. For various reasons the presentation of the bill, now amounting to 99,770 rupees, has been put off year by year. The Indo-European Telegraph Department, questioned in regard to this excess of expenditure over what can legally be claimed, now propose to recommend the abandonment of the claim altogether, having regard to the exclusion of the Jask line from the 1920 agreement and of the embarrassment which a resulting loss of control might cause the Department.

Kerman-Bunder Abbas-Jask-Lingah.

206. The 1920 agreement for the construction of these lines has not been ratified, though the line has been erected to Bunder Abbas and an extension put up from Baft to Saidabad. Before resuming negotiations His Majesty's Government have been considering the deletion from the agreement, for financial reasons, of the Bunder Abbas-Jask and Bunder-Lingah sections. It has been decided to delete the Jask line, but that to Lingah is still under consideration. The India Office wishes to retain it owing to the recent Persian demand for the abolition of foreign wireless stations; His Majesty's Minister and the Resident at Bushire have supported this view, and the Foreign Office has urged it on the Treasury.

VIII.—BRITISH POST OFFICES.

207. Since 1920 the Persian Government had been striving to put an end to the existence of the British Indian post offices in the southern ports and Arabistan, which

it regarded as an infringement of Persian sovereignty and which, it was also convinced, deprived it of a source of revenue. The Rome Convention of 1906 had recognised the six offices in the southern ports as forming part of the International Postal Union, but at the Conference of Madrid in 1920, British efforts to prevent the Persian delegation from raising the question failed, the new convention did not accord that recognition, and the Persian Government proceeded to press ever more strongly for the abolition of these offices and of those in Arabistan, which, with the exception of that at Mohammerah, had been originally established as a war measure and retained mainly for the benefit of the Anglo-Persian Oil Company under the administration of the Irak Postal Department. The Persian Government even went so far as to complain to the International Bureau at Berne and the League of Nations. The British Irak and Indian authorities were naturally loth to consent.

208. The position at the end of 1921 was that His Majesty's Government had requested the Persian Government to leave the question in suspense until His Majesty's Minister had had time to study and report on it. This Sir P. Loraine proceeded to do immediately after his arrival and, as a result of consultation with the Belgian Director-General of Posts, he was able by the 10th January to submit a programme of procedure with a view to the transfer of the offices to the Persian Administration. On the 22nd May the Persian Government was informed that His Majesty's Government agreed in principle, provided that the Persian Government should give an assurance that it intended to maintain an equally efficient and comprehensive service, under the supervision of an European or American Director-General of Posts. Some delay now occurred on the Persian side owing to a political crisis, but the desired assurance was obtained by the end of July. There were various difficulties still, and it was not till the 5th December that a conference assembled at Bushire to settle the details of the transfer. The conference, which was attended by delegates of the Persian, Indian and Irak Postal Administrations and by Sir A. Wilson on behalf of British commercial interests—and especially those of the Anglo-Persian Oil Company—concluded its labours with remarkable rapidity, and an agreement was signed on the 9th December subject to ratification by the respective Governments. Subsidiary agreements were concluded at the same time for the continuation of money-order and value-payable articles services.

209. An unfortunate feature of the conference was that the Persian delegate, under instructions from his Government, raised the question of Bahrein, making it clear that the Persian Government regard the island as an integral part of Persian territory. The Indian delegate replied that he had no instructions to discuss the matter, but the Persian declaration was duly recorded in the minutes of the conference, which were attached to the agreement.

IX.—TRADE.

(1.) General.

210. The year under review has been a poor one for Persian trade, both foreign and domestic, on account of the partial closure of the northern trade route, the total absence of road construction and the lack of security, and the imposition of burdensome and unsound restrictions on the export of silver and gold under the false belief that these measures would help to stabilise and enhance the value of the kran, which after the withdrawal of the North Persia and South Persia forces slumped considerably.

211. Besides the eastern route via Duzdab, which is treated separately, Persia's main trade routes are via the Caspian, the Caucasus, and Transcaspia to North Persia, via Bagdad, Kermanshah and Hamadan to Western, North Western and Central Persia, and via Ahwaz and Bushire to the south and Persia generally. The first of these remained virtually closed by the activities of the Soviet and its allied republics in the Caucasus, Russia and Transcaspia, until that Government decided to open up trade by means of official commercial agencies known as the Vneshtorg, Centrosyuz, Naftkom and kindred institutions, for which they soon claimed the privileges accorded to Government Departments. At the same time the Soviet Government expressed its desire to conclude a commercial treaty with Persia, and negotiations were opened at Moscow by a commercial delegation under Taki Zadeh sent from Tehran. These negotiations dragged on throughout the year without result, and on several occasions were on the point of being broken off because of the serious complaints of the Persian Government against the unfair activities of the Russian trading organisations mentioned above and the insistence of the Soviet

Government that they should be recognised as privileged institutions by the Persian Government as an essential part of the treaty.

212. Persian merchants invited to Baku and Nijni Novgorod fairs by the Soviet consuls throughout Persia, as well as those who went to Russia with their goods, complained to their Government that they were forced by local officials to sell their wares at a loss, and that when they endeavoured to return to Persia with gold or jewels (as the paper currency of the country was worthless and Russia had nothing to export), all such gold or jewels found in their possession were confiscated on the ground that export from Russia of either commodity was forbidden by law. Meanwhile the trade of Gilan, Mazanderan, and to some extent of Khorasan, rapidly passed into the hands of the Vneshtorg and its kindred institutions, since the Soviet Government decreed that all merchants wishing to send exports to Russia must first obtain the sanction of the local manager of their trading institutions and pay fees amounting to 1 per cent. of the value of the goods. Merchandise belonging to private traders was also delayed and confiscated where it came into competition with the exports of the Vneshtorg, and merchants trading with the latter, either for gold or by barter, found to their cost that the officials were both venal and dishonest. The result has been a virtual Soviet monopoly in these provinces for the food exports such as rice, which Russia requires, and almost complete stagnation of private trade due to the difficulty of importing goods, the unfair competition of the Vneshtorg, and the total absence of money among the local population, due in part to the exactions of the absentee landlords and their indebtedness to money-lenders.

213. The fall of the kran, which from 40 to the £ sterling dropped to 60 during the course of the year, and finished at 50, was to a large extent due to the excess of imports over exports, and the general lack of security or confidence among Persian traders. The state of the Bushire-Shiraz-Isfahan and Isfahan-Ahwaz roads is treated elsewhere, and it is sufficient to add that both in Shiraz, Isfahan and Tehran as well as elsewhere British merchants were forced to liquidate their stocks, which had been ordered when the kran was artificially maintained at a high level by the presence of British forces in Persia, at considerable loss in order to persuade Persian merchants to take delivery of the goods. The same applies to goods imported via Bagdad, which supplies to a considerable extent the Tabriz market formerly supplied through Isfahan, while the Trebizond route remains, if not closed, at all events unsafe to caravans in general. In the belief that the export of silver and gold coin was to some extent responsible for their plight, Persian merchants began to agitate for prohibition of all exports of these metals, and the Majlis passed a law to this effect, which later even prevented the transference of bullion under cabotage seal from one part of Persia to another by sea. The fallacy of this measure soon became evident, as it merely encouraged smuggling along Persia's extensive and unguarded frontiers. But the Majlis remained obdurate and the measure was not repealed. Prohibition of imports classed as luxury articles was further contemplated, but the reasoned protest of His Majesty's Minister against this further raid into economic territory entirely unknown to the worthies of the Majlis prevented the proposal from being put to the test.

214. A popular outcry that Persia's chief export, the carpet industry, was being ruined by the importation of inferior and fugitive dyes led to the passage of an enactment supplementary to the existing regulations against the import of fugitive dyes for woollen materials, whereby dyes suitable only for dyeing cotton came under a similar ban. The exact scope of this ordinance has, however, not been made clear either to the director of Persian customs or to the Legation, and the matter has not so far been pressed owing to the danger of a definition being given which would prevent the import of a large class of Manchester piece goods dyed with fugitive dyes. At present the regulation is being interpreted as applying only to the carpet industry, for which it is probably intended.

215. Towards the end of the year increased safety on the roads and the stabilisation of the kran, as well as the gradual liquidation of surplus stocks, tended to place business on a firmer footing, but British firms, particularly in the south, have still on their hands large unliquidated stocks, which are being sold as occasions arise regardless of the original cost price.

(2.) Duzdab Railway.

216. A new trade route between Persia and India has been established since the war by the extension in war time of the Quetta-Nushki Railway to Duzdab via Dalbandin and Mirjawa. This extension was begun in 1915 for the purpose of

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enabling British forces operating in East Persia to protect British India against the machinations of German and other enemy agents, who were endeavouring to stir up the turbulent tribes of the Sarhad by preaching a Jihad. It was thrust forward into Persian territory for a distance of 52 miles, and reached the present railhead at Duzdab in 1919. Construction was perforce carried out without the consent of the Persian Government to meet the emergencies created by the Soviet conquest of Bokhara, and the consequent necessity of maintaining British troops in East Persia.

217. With the withdrawal of these troops the question of dismantling the railway was discussed, and to some extent favoured, on strategic as well as economic grounds, by the Government of India, since the railway was a financial loss so far as the revenues derived from commercial sources were concerned, and it was extremely improbable that the Persian Government would purchase it even should they wish so to do. It was further considered anomalous for His Majesty's Government to maintain troops within Persian territory for the purpose of ensuring the safety of the railway and of controlling the local tribes. The cost of this control was a further argument for the withdrawal of British authority and the destruction of the railway as far as the frontier of Baluchistan at Mirjawa. The Persian Government showed itself to be averse from the continuation of British control in the Sarhad, and certain Deputies in the Majlis began to ask questions about this interference with Persia's sovereign rights.

218. At this time, however, early in 1922, the trade returns for Duzdab and the Persian customs returns began to show a marked increase, and His Majesty's consul at Seistan reported that with suitable reduction of working expenses and withdrawal of British troops from Persian territory, the railway could, in his opinion, be put on a firm financial basis. The railway itself was shown to be a great help to the development of British trade with East Persia, and the extent to which Persian and Indian merchants in Kerman and Yezd as well as Meshed and Khorasan began to use the Duzdab Railway in preference to the route from Bunder Abbas greatly increased the railway receipts both for imports and exports. The Persian Government also benefited from this increase, since the customs receipts for Duzdab for the year under review were calculated at approximately 8,000,000 krans.

219. A further argument against the destruction of the railway was its small break-up value in comparison to the original cost of its construction. The estimated value in each case for the Mirjawa-Duzdab section being:—

	Lakhs of Rupees.
Gross construction cost	80
Net break-up value (after deducting cost of dismantling)	2½

220. It was therefore proposed by the Government of India to offer the railway free of cost to the Persian Government, provided that the latter agreed to maintain order in the Persian Sarhad after the withdrawal of British troops from East Persia, in order to enable the railway to continue in operation, to pay the cost of maintaining the section within Persian territory from the Duzdab customs receipts in return for the traffic receipts for the Persian section, to allow the North-Western Railway of India to control the operation of the line and to fix the traffic rates, and to admit the right of the Government of India to cease operating the Nushki-Mirjawa section if these conditions were not fulfilled. These proposals, with the added proviso that the Government of India shall have the right to sell their section of the line to a private company if they wish, were terminable by either side at six months' notice; but they have not yet been presented to the Persian Government owing to the necessity of referring the proposals to His Majesty's Government since the line was constructed from Imperial funds, and the relative cost to His Majesty's Government and to the Government of India had not been decided.

221. The Persian Government twice brought the railway to the notice of His Majesty's Legation. In the first instance it replied to a note from the Legation concerning certain sidings at Duzdab by requesting the removal of either the sidings in question or the section of the railway within Persian territory. As the meaning of the Persian text was not clear owing to the lack of an equivalent in Persian for the word siding, a supplementary note was sent in French to the Minister for Foreign Affairs, pointing out that the Persian Government presumably referred to the sidings only, and that the Legation would be glad to inform the Government of India of the desire of the Persian Government that they should be removed.

222. This note was answered some months after by a further request for the removal of the railway from Persian soil, on the ground that the sanction of the Persian Government had not been obtained for its construction, but the request was

qualified with an alternative that it should be handed over to the Persian Government without delay. Owing, however, probably to the considerable revenues derived from the customs receipts at Duzdab the demand has not been pressed.

223. Persian merchants have not been slow to make use of the railway, and the insistent demand for protection of caravans between Kerman and railhead resulted in the despatch of a force of roadguards by the Minister for War at the request of His Majesty's Legation, to safeguard merchandise going via Bam. The provinces of Kerman and Khorasan are for the present turning more and more towards the railway for exporting and importing merchandise, since in the former case an easier route than that via Bunder Abbas is provided for caravans, and the road is open all the year round. In the latter case the northern route via Russia is as yet closed to trade by Soviet activities in Transcaspia. The total receipts of the railway during the year 1922 are estimated at 80,000,000 krans, or approximately £16,000,000, the amount of merchandise carried being estimated at 19,700 tons, composed of 12,700 tons of imports and 7,000 tons of exports. These figures show a considerable revenue after paying operating expenses, and prove the value of the railway as an asset to British trade with Persia.

X—CONSULAR AFFAIRS.

(1.) *Passports and Consular Fees.*

224. During the year 1922 the total consular fees collected at the Tehran vice-consulate were as follows:—

	£	s.	d.
March Quarter	41	0	9
June Quarter	41	3	0
September Quarter	29	7	3
December Quarter	88	15	6
	200	6	6

225. The large total collected in the December quarter is due mainly to the number of pilgrims of Jewish extraction who had obtained passports from the Persian Government, and had then applied to the Tehran Zionist Committee for certificates that they had sufficient funds for the journey to Palestine and return. In accordance with instructions from the Palestine Administration, each pilgrim after producing a certificate of sufficiency of funds, was given a visa good for three months' residence in Palestine only. It is feared, however, that some of the pilgrims started out from Persia with the intention of using the privilege of their three months' pilgrim visa as a means of contravening the Palestine immigration laws and of residing in that country permanently.

226. A large proportion of the fees collected were on account of visas to, or through, Irak. Great care was taken that no undesirable person should be given a visa for Irak; in the case of persons of small means who applied for permission to settle in Irak, the views of his Excellency the High Commissioner were requested before the visa was given.

227. During the year twenty-one British passports were issued; 297 visas were given; ninety-four British subjects were registered; three marriages were celebrated, and three births and one death were recorded in the consulate-general's registers.

228. During 1922 special arrangements were made for the issue of pilgrim-passes at low rates for pilgrims to Kerbela and Nejef. At Kermanshah and at Tabriz the consuls were authorised to issue passes at the rate of 1 toman per head; special arrangements were also made whereby the pilgrims could form themselves into bands under the leadership of one man, who had the pilgrims' names on a collective pass. It was suggested that similar arrangements could be made at Bushire; the matter is still under discussion.

(2.) *Consular Courts and Litigation.*

229. During the year 1922 no Consular Court of First Instance has been convened at the Tehran consulate-general. A large number of cases in which British subjects and British-protected persons were concerned, have, however, been before the Tribunal of the Ministry for Foreign Affairs, Tehran; at each sitting of these cases a representative of the vice-consulate has been present. Many small disputes have been referred to the vice-consulate, and it has often been possible to come to an amicable arrangement out of court.

230. Many of the cases which have been before the Tribunal of the Ministry for Foreign Affairs during 1922 have been worthy of notice on account of the light which they throw on the unsatisfactory state of Persian legal arrangements, and on the difficulties which beset British firms and banking institutions, as well as British subjects in their private capacity. It may not be without profit to analyse some of the salient points of the most important cases of the year with the especial object of emphasising the peculiarities of Persian law.

231. The first, and perhaps the most obvious of these peculiarities is the absence of any statute of limitations. Sometimes cases which have been once settled or abandoned are brought forward after the lapse of years, in the hope that documents may have been lost or details forgotten; sometimes a claim is made on account of some long-forgotten transaction. The claim of Salar-ed-Dowleh against Messrs. Lynch Brothers was brought forward after eleven years; and during the year the following three cases, connected with the Imperial Bank of Persia, have been brought to the notice of the vice-consulate and the Legation:—

- (1.) *Johannes v. the Imperial Bank of Persia.*
- (2.) *Ismail Yezdi v. the Imperial Bank of Persia.*
- (3.) *Sheikh Mehdi v. the Imperial Bank of Persia.*

(1.) Johannes was imprisoned in 1908 at Shiraz on a charge of stealing notes from the bank. Some friends came to his help and paid the money claimed by the bank, who notified the Governor of Shiraz saying that Johannes might be released as far as the bank was concerned. Johannes was released, came to Tehran, and brought a suit against the bank for illegal imprisonment. The case dragged on for years; Johannes never proved anything; successive presidents of the tribunal continued to press his case until the vice-consul complained to His Majesty's Minister in 1912 that the claim was vexatious, and that Johannes had wasted the time of two vice-consuls and had caused the bank a large sum in lawyer's fees. His Majesty's Minister, after having notified the Persian Government that if Johannes really had a claim against the bank, he should deposit a monetary guarantee, to be forfeited if he did not prove his case (a suggestion with which Johannes never complied), wrote to the Persian Ministry for Foreign Affairs that he considered the case as closed and would not allow it to be reopened. As successive British Ministers come this case is brought forward, and the above letter quoted in reply; the case then lapses until a new Minister arrives.

(2.) *Ismail Yezdi v. the Imperial Bank of Persia.* This case concerned the ownership of a house in Yezd. The bank recognised themselves as liable to pay a few hundred tomans, but the claim was for millions. After this case had dragged on for years His Majesty's Minister in 1912 wrote to the Persian Government to the effect that if the claimant did not accept a certain sum which the bank was prepared to pay within fourteen days, he would consider the case closed. When this was not accepted and the period came to an end, he informed the Persian Government that the case was closed and could not be reopened. Each successive British Minister is reminded of this case also.

(3.) *Sheikh Mehdi v. the Imperial Bank of Persia.* This case was first brought forward in 1919. In His Majesty's Minister's reply, it was pointed out that as the claimant had delayed some twenty-two years before bringing forward his claim, the lapse of such a period without any request for payment ever being made, would have rendered such a claim null and void in European countries; that it did not appear just to request that the bank should appear at the court to disprove what was simply a vexatious claim without some monetary guarantee of good faith on the part of the claimant being previously deposited with this Legation; that, in His Majesty's Minister's opinion, in order to avoid further repetition of frivolous claims of this nature it was not sufficient that a counter-claim should be lodged when the original claim may have been disproved by the bank, for there was no guarantee that the person who claimed in the first instance would be able to pay; and that, therefore, if the bank were to appear to defend the suit, the Persian Government was requested either to obtain a monetary guarantee from the claimant for at least 10 per cent. of his claim which was to be forfeited in the event of his being unable to prove it; or to itself guarantee a similar indemnity to the bank. This letter remained unanswered, as the claim was undoubtedly as vexatious and unfounded as the other two; but the case is brought forward as an outstanding claim for newly-arrived Ministers; the last occasion on which these three claims were brought forward was on the 4th February, 1922.

232. Apart from the necessity for some statute of limitations, the above cases show the need of a number of legal rules of which Persian law would appear to be deficient. It appears that any person can legally make any kind of fantastic claim against institutions such as the Imperial Bank of Persia for the price of a court stamp; and that the bank would then be considered liable to engage a lawyer and put in a reply, without any guarantee that its lawyer's fee would ever be refunded. It is also worthy of notice that the court, when awarding money or goods to a successful party, deducts its own expenses from the amount adjudged, and if the amount is one which has to be extracted by the Executive Department and handed over, the court expenses are deducted before payment. This pernicious system invites hollow litigation, as the winner of a suit has to pay, and can only recover any damages or out-of-pocket expenses by a separate suit. The three cases quoted above also show the necessity of retention of documents for many years and of a complete system of indexing.

233. The second peculiarity of Persian legal practice, which has been shown by the case of *Rais-ul-Islam v. the Imperial Bank of Persia*, has been the absence of any system of land registration, which makes the ownership of property insecure and doubtful. The claim was brought by *Rais-ul-Islam* against the Imperial Bank of Persia at Hamadan, in connection with the ownership of a certain property which the bank bought from a certain *Abbas Khan Sadr*. The latter was alleged by *Rais-ul-Islam* to have already mortgaged his property to *Rais-ul-Islam*. The matter is not yet decided, but it has been proved in the course of the evidence that *Abbas Khan Sadr* raised money against various fractions of his property many times over; in other words, his property was partially hypothecated in such a way that the sum total of the parts was greater than the whole. Tenure of land under such conditions is insecure and purchase of property is an extremely risky operation.

234. The third peculiarity of Persian law appears to be the absence of any rigid rules of evidence such as exist in English law. All evidence appears to be accepted by the Persian tribunals, whether relevant or not. In the case of the Imperial Bank of Persia *v. Kermanshahchi*, a question arose as to the illegality and injustice of an official of the administration of Kermanshah (a *Karguzar*); in proof of this person's wrong-doing the advocate of Kermanshahchi produced a statement in a local newspaper, and an "istishad" or sworn statement from a number of people of the town of Kermanshah, some of whom appeared to be interested in the result of the case.

235. A further peculiarity is connected with questions of banking practice. This is illustrated by the case of *Hansen v. the Imperial Bank of Persia*. The claimant in this case, an Estonian citizen, wished to remit a sum of money from Enzeli to Tehran. He arranged that a Telegraphic Bill for collection, drawn on the Banque d'Escompte and payable to the Imperial Bank of Persia, should be sent from Enzeli. He at the same time wrote to the latter bank asking them to keep his money in Tehran. They, however, encashed the Telegraphic Bill for collection and remitted the proceeds by wire to the senders in Enzeli, who were the branch of the Banque d'Escompte in that town. Hansen's letter arrived after the money was sent. In consequence of the Bolshevik invasion of Gilan the money was lost. Hansen now claims that (1) the bank should not have sent back the money without specific instructions, and that (2) he, and not the bank at Enzeli, was the sender of the money, and that, therefore, the remittance should not have been made to the Enzeli Bank. The points raised are ones of banking practice; the tribunal, however, expresses itself not competent to deal with them, and wishes to refer the matter to banking experts.

236. Many of the cases which have come before the tribunal have been heard in the court of the Public Prosecutor; claims for damages for assault, compensation for injuries caused by a car, &c., have been judged in this way. In one case an Armenian citizen named *Astvatsaturian*, claimed damages from Mr. Poulsen, of the Indo-European Telegraph Company, on account of the fact that Mr. Poulsen's car had knocked him down. The matter was finally settled by payment of a certain sum; but during the hearing it came out that there is at present no "rule of the road" for pedestrians walking in Tehran streets. The attention of the Public Prosecutor was called to the necessity for such a rule and to the danger incurred by pedestrians owing to its absence.

237. During the year 617 letters were registered at the vice-consulate as correspondence between it and local authorities, principally the tribunal and the English section of the Ministry for Foreign Affairs. In addition to the many disputes connected with British subjects, cases in which the following persons were involved were also dealt with:—

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238. Kurramis (natives, or descendants of natives, of Kurran in British India): Gulhekis; and gholams and farrashes of His Majesty's Legation. The good offices of the vice-consulate were also extended as far as possible to natives of Irak, to Palestinian nationals, and to some Esthonian citizens.

(3.) Consular Claims.

239. No progress has been made during the year towards securing compensation from the Persian Government in respect of robberies committed on the high roads of Persia, as a result of which British subjects suffered loss. The claims in respect of such robberies have been brought to the notice of the local authorities by His Majesty's consular officers concerned, and also to the notice of the Persian Government by the Legation, but in most cases the Persian Government has merely affirmed its intention of tracing the robbers and restoring the goods, whilst denying responsibility for the losses incurred. His Majesty's Government on the other hand hold that these robberies are the direct result of the failure of the Government to take proper precautions for the policing of the highways, and that the responsibility for them falls on the Government's shoulders.

240. During 1922 in three instances British subjects travelling from one part of Persia to another were robbed of their effects and even of parts of their clothing.

241. The victim of the first of these robberies was Mr. Nelson, branch manager of the Imperial Bank of Persia, who was being transferred from one branch to another. In March 1922, whilst travelling from Yezd to Bushire with his wife, Mr. Nelson was robbed at Sivand, near Shiraz, of personal effects valued at £556 10s. 9d.

242. On the 18th October Mr. Goodwin, another branch manager, was robbed on the road between Yezd and Isfahan, and with his wife was taken prisoner and confined in a small fort for thirty-six hours in company with twelve Persians, losing personal effects valued at 12,193 krans (approximately £244 at the current rate of exchange). In neither case has the Persian Government either recovered the property or paid compensation, although troops were sent out to pursue the robbers and are believed to have captured some of the band.

243. A similar highway robbery was committed about the same time and near the same spot on the Yezd-Isfahan road by a band of robbers who attacked the camp of Mr. Treadwell, inspector of the Indo-European Telegraph Department and Acting British vice-consul at Yezd, while the latter was inspecting the telegraph line in his district. Mr. Treadwell was accompanied by a guard provided by the Persian authorities, but the latter fled and Mr. Treadwell's camp was entirely looted, his loss amounting to 33,788.75 krans (approximately £675). The director, Persian Section, Indo-European Telegraph Department, proposed to deduct this amount from the Terminal Rate and Traffic Account for the year 1921-22, when settlement of the latter was effected with the Persian Government.

244. Other complaints of robberies of British goods, particularly on the Bushire-Shiraz-Isfahan and Ahwaz-Isfahan roads, have been received at intervals throughout the year, His Majesty's Legation losing three cases of stationery between Ahwaz and Isfahan, but on the whole a slight advance in the general security of trade routes has been made, particularly since the road guards (amnieh) were taken over by the Minister for War.

245. The total amount of such claims outstanding against the Persian Government, without interest, now amounts to approximately £399,300.

(4.) Lynch Claim.

246. In April 1920 the Minister for Foreign Affairs informed Sir Percy Cox that the Persian Government would extend the concession held by the Persian Transport Company (Messrs. Lynch and Co.) for a period of three years until April 1924, to enable the latter to complete the construction of the Ahwaz-Tehran road. By its concession the company enjoyed the sole right to levy tolls on the road between Tehran and Sultanabad via Kum. The original trace of the road was via Burujird, but the company stated that owing to the disturbed state of the neighbourhood it proposed to build a road from Kum via Kashan to Isfahan, and it had already completed the bridge at Kum, when in May 1921 the Persian Government announced its intention to cancel the concession because the company had, in its opinion, failed to fulfil the terms of the original concession.

247. The principal points at issue between the company and the Persian Government were:—

- (1.) Failure to pay 20 per cent. royalty, which the concession stated should be paid one year after the opening of a transport service along the road. To this the company stated that the transport service had never been initiated, so that the royalty was not payable.
- (2.) Excessive levying of tolls, overcharges to Government mails and failure to complete and maintain the road in proper repair. The company denied all these allegations.

In consequence of the announced intention of the Persian Government to cancel the concession the company ceased all repairs to the road or bridges, but continued to levy tolls.

248. It also informed the Persian Government that it would be prepared to hand over the road with all toll-houses and tools in payment of a sum of £50,000 plus the value of the instruments and buildings of the company, to which it was entitled in consequence of the illegal confiscation of its property. The Persian Government merely reiterated the failure of the company to fulfil its obligations, instancing the destruction of the Shur Bridge by a flood in the autumn of 1921 and the failure to repair it, and in November 1921 it took possession, against the company's protest, of the Tehran-Kum-Sultanabad road, toll-houses and all road-making implements and stores along it. The company, however, sealed its store-house at Kum and refused to deliver its contents until the value of the latter, estimated at 261,868 krans (approximately £5,237) had been paid. Throughout the year the Persian Government has maintained its right to take over the goods, but by direction of His Majesty's Principal Secretary of State for Foreign Affairs the Legation has refused to allow the store to be opened, and has reiterated the opinion of His Majesty's Government that the claim is well founded. The company has further pointed out that the contents of the store are deteriorating, particularly the cement, and has claimed from the Persian Government the amounts it has expended in hiring the store and maintaining a watchman to prevent its being opened.

(5.) Urumia Lake. (Messrs. Stevens and Boudagiantz's Claim.)

249. In November 1919 Mr. Stevens, a British subject with trade interests in Tehran and Tabriz, went into partnership with M. Boudagiantz, an Armenian formerly protected by the Russian Legation, for the purpose of developing a lease which the latter had secured for the exclusive right of navigating ships on Lake Urumia. In so doing he was encouraged by the Department of Overseas Trade, which he had visited in September for the purpose of ascertaining the attitude of His Majesty's Government towards the proposed partnership.

250. M. Boudagiantz's lease had been secured from the heirs of Iman Ghuli Mirza some years before, and provided that the lessee should enjoy exclusive right for navigation, grazing and construction of ports and landing stages on Lake Urumia and its shores and islands for a period of thirty years. Owing to the outbreak of war in 1914 and the subsequent military operations around the lake, his property had suffered from requisitioning, destruction and damage to vessels and landing stages alike, and it was known that in order to repair his property and resume navigation he was seeking to interest American capital in the venture. It was therefore thought desirable by His Majesty's Government to interest British capital in the undertaking, and Mr. Stevens was assured that His Majesty's Government would support him in the matter.

251. The partners commenced operations without delay, but in December 1920 the Persian Government sequestered their vessels, and at the same time the Prime Minister, his Highness Vossuk-ed-Dowleh, granted the navigation rights to His Imperial Highness the Valiah through the Ministry for Public Works. In spite of the protests of the lessees and of the Legation the Persian Government refused to rescind its order, and the interchange of notes continued for over a year without result. The ground on which the Persian Government justified this decision was the invalidity of M. Boudagiantz's lease. In the first place, as it has since maintained, it considers that the heirs of the lessor, Imam Ghuli Khan, held the rights of which they disposed to the lessee in virtue of a "Tule," that is in fief, and that all such fiefs were abolished by the Majlis when the constitution was granted. In the second place, it held that the terms of the "Tule" precluded any grant of the navigation rights to a foreign subject, and that the original lease was signed by the Karguzar at Tabriz under pressure from the Russian authorities, and they therefore argued that the lease was illegal. His Majesty's Minister refused to consider these

arguments until navigation had been resumed, but stated that both the Legation and Messrs. Stevens and Boudagiantz were willing to submit the relevant documents to examination by the Persian Government in order to ascertain the validity or invalidity of the firm's title.

252. In August 1921 his Highness Kawam-es-Sultaneh, then Prime Minister, brought the matter up before a meeting of the Cabinet. The latter decided to allow Messrs. Stevens and Boudagiantz to resume navigation forthwith, and the Minister for Foreign Affairs, Mohtashem-es-Sultaneh, telegraphed to the Karguzar at Tabriz to release their ships and to accord them all possible facilities forthwith. In consideration of the immediate promulgation of this decision the firm agreed to withdraw the claim that they had formulated against the Persian Government for the illegal detention of their ships and the losses they had incurred thereby, and a written agreement to this effect was made between M. Boudagiantz and the Minister for Foreign Affairs. The instructions to the local authorities at Tabriz were twice renewed by telegram, but owing to the Karguzar's procrastination, and apparently to contradictory orders issued by his Highness Kawam-es-Sultaneh, no action was taken before the fall of the Cabinet.

253. Pressure exercised on the succeeding Prime Minister, his Highness Mushir-ed-Dowleh, by the Legation was unavailing, and in March 1922 his Excellency Hakim-ul-Mulk, Minister for Foreign Affairs, reiterated the arguments quoted above in support of the Persian Government's point of view, entirely ignoring the decision of the Cabinet of the preceding year. In January the head of the English section of the Ministry for Foreign Affairs had stated orally that the Government had decided to examine the documents in the possession of the heirs of Imam Ghuli Mirza, and that during the two months needed for the arrival of the latter from Tabriz and for the sittings of the Government Commission, the Persian Government would bear the cost of maintaining the ships, which was estimated by the firm at 4,000 tomans a month. No confirmation in writing of this promise could, however, be obtained owing to the fall of the Cabinet, and it was ignored by the succeeding Minister for Foreign Affairs when the matter was raised by the Legation.

254. By July the lessees' claim for the illegal detention of their ships, which in November 1921, when it was presented to the Persian Government had amounted to 615,008 tomans, had reached such proportions that, in order to avoid further maintenance charges the firm requested the Legation to obtain permission from the Persian Government for the destruction of their vessels and property in the presence of representatives of the Persian Government and of the Legation, in which case the value of the property so destroyed would be added to the previous claim.

255. His Highness, Kawam-es-Sultaneh, had meantime returned to power, but efforts, by direction of His Majesty's Principal Secretary of State for Foreign Affairs to induce him to give effect to his former decision were fruitless, and the most he could be induced to do was to appoint a Majlis Commission to examine the case afresh and to report its decision. By the end of the year no decision had been reached.

256. The pressure exerted by His Majesty's Legation to secure a proper settlement of this question has been unremitting, but it has not even produced a reasonable statement of the views of the Persian Government or elicited any disposition on the latter's part to settle the matter. The attitude of the successive Persian Governments in this regard has been unsatisfactory in the highest degree.

(6.) *German Claims.*

257. During the year a few cases were brought to the notice of the vice-consulate which were connected with debts due by or to German firms. An example is the debt of 767·70 krans, which the Mesopotamia Persia Corporation (Limited) recognised itself as indebted to a German firm, Messrs. F. Undutsch and Co. This matter was finally referred to the Clearing Office (Enemy Debts), who decided that, the original debtor being Messrs. Lynch Brothers of London, the claim should be dealt with under article 296 of the Treaty of Versailles, as the parties of the creditor firm appear to have been resident in Germany on the 10th January, 1920.

258. Another claim was made during 1922 by Messrs. Azizullah Brothers against Messrs. Ziegler and Co. The plaintiffs claimed the return, with interest, of certain advances which they had deposited, near the beginning of the war, with Messrs. Ziegler in Persia against certain goods. These goods came from Messrs. Gerhardt and Hey, of Berlin, who agreed that, as remittance at the time was impossible, the sums should remain with Ziegler until matters could be adjusted after the war. A representative of the firm of Azizullah went after the war to Germany, and came to

an arrangement with the German firm there: paid off all his debts in marks and obtained a letter from Messrs. Gerhardt and Hey to that effect. He now claims his advance from Messrs. Ziegler.

(7.) *Persian Coast and Islands Order in Council.*

259. In December 1921 His Majesty's consul-general at Bushire suggested the desirability of modifying paragraph 3 of article I of "The Persian Coast and Islands (Amendment) Order in Council," which ran as follows:—

"The term 'the maritime provinces of Persia' means the provinces of Arabistan, Fars, Luristan, Karman, Persian Baluchistan, and those districts by custom and for the time being included under the authority of the Persian Governor of the Gulf ports."

260. The need for a change lay in the fact that, under the wording quoted, the districts of Bakhtiari, Kuhgilu, Luristan and Pusht-i-Kuh were not included in the maritime provinces of Persia, and therefore came under the operation of the Persian Order in Council of 1889.

261. This was inconvenient because in these districts were situated the principal present and future areas of exploitation of the Anglo-Persian Oil Company, which employs a large number of British and British-Indian subjects. His Majesty's consul at Ahwaz was, under Bushire, the judicial officer for the oilfields, and there was a serious danger of the jurisdiction of his court being contested by an accused person resident in a place, *e.g.*, Maidun-i-Naftun, which was outside the scope of the Coast and Islands Order in Council.

262. It was found that the name of the old Persian provinces of Khuzistan sufficed to cover the areas which it was desired to include, and on the proposal of His Majesty's Minister the King in Council issued an order, dated the 13th October, 1922, repealing the paragraph quoted above and substituting for it the following words:—

"The term 'the maritime provinces of Persia' means the provinces of Khuzistan, Fars, Luristan, Kerman, Persian Baluchistan, and those districts by custom and for the time being included under the authority of the Persian Governor of the Gulf ports."

XI — MILITARY AFFAIRS.

(1.) *Reza Khan, Serdar Sepah.*

263. The one outstanding personality among all the Persian Ministers who have appeared on the political stage during the year under review is Reza Khan, Serdar Sepah.

264. He has been the one and only comparatively stable factor in the situation, for he has remained as Minister for War in each of the three Cabinets which have come into existence during 1922, and by alone refusing to resign his Ministry he has filled the breach during each interval between the fall of one and the formation of another Cabinet. Indeed during the crisis which followed the resignation of Mushir-ed-Dowleh in April and lasted until Kawam-es-Sultaneh took up the reins of Government in June, Serdar Sepah was President of the Council in all but name, and gave his personal attention to all and sundry affairs of State.

265. For a man who joined the former Cossack brigade as a stable boy at the age of 15, who can only read with difficulty and hardly write at all, he has consistently shown exceptional ability in handling matters quite outside his own military sphere. He has much common sense and a breadth of mind unusual in a peasant, and probably developed by the roving life he has led during his career in the army. From the very beginning of his service, he seems to have taken part in almost every one of the frequent expeditions which the Central Government has been obliged to organise to maintain internal order and security.

266. Whether it was to repel the invasions of the rebel Prince Salar-ed-Dowleh or of the ex-Shah Mohamed Ali, or whether it was a punitive expedition against Naib Hussein, or rebellious Lurs or Shahsavans, he has always been present, at first in the most humble capacity and finally as a leader, when he successfully crushed the most obstinate rebellions of Kuchik Khan and his Jangalis and Ismail Aga Simko and his Kurdish tribesmen.

267. Since his advent to the supreme command of the Persian army in 1921, quickly followed by his assumption of the post of Minister for War, he has been

confronted with the most difficult task of evolving order out of chaos under the most discouraging conditions, and it would be difficult to imagine a task more full of dangerous pitfalls.

268. His personal vigour, his singleness of purpose and his patriotism—the latter a very rare quality in the Persian of to-day—have carried him successfully through every difficulty, and the good fortune that has attended every one of his efforts has served to increase his confidence in himself.

269. In a country where well-nigh complete disorder reigns in every Department of State, where it is difficult to find an honest man in any single administration, where wholesale corruption and the lowest kind of intrigue are a second nature, where the State Treasury is empty and economic conditions are about as hard as it is possible to imagine, to find the means to organise and pay an army of some 30,000 men, where-with to ensure internal peace and security, protect trade-routes and collect taxes and revenue, is a very remarkable achievement.

270. To accomplish such a task, Serdar Sepah has been obliged to intrude into the sphere of civil administration, for he could trust nobody but himself. His own colleagues in the Cabinet intrigued against him as much as they dared, for they were jealous of his power; the Deputies looked askance and with awe at the vigorous person without whose consent no Prime Minister would or could take any decision; his apparent dictatorship ran counter to their own narrow ideas of constitutional Government, and they felt that he only tolerated them with a contemptuous indifference; the Shah was attracted to him, for he seemed to provide the only possible bulwark against Bolshevik aggression, but at the same time His Majesty was terrified lest his War Minister should remember Nadir and so, torn with these conflicting sentiments, he decided to scuttle from the country as quickly as possible; lastly, the Soviet representatives disposing of funds wherewith to subsidise the gutter press of Tehran and street corner orators of the lowest type, left no stone unturned in planning the overthrow of the one Persian who stood athwart their path and had the courage to resist and counter Bolshevik influence and revolutionary propaganda.

271. To ensure the regular pay of his army, Serdar Sepah found it necessary to take over certain branches of the Ministry of Finance. The administration of the indirect taxes which he supervised and regularly inspected himself furnished him with the funds for his troops, and in proportion as the army grew so did the taxes, collected with greater regularity, serve to maintain the growing army.

272. To rid the provinces of avaricious Civil Governors, he replaced many of them by military officers, or where he allowed the civil authority to remain, the local officer commanding troops was instructed to keep a watchful eye on the activities of the Civil Governors.

273. These awkward reforms were passed over at first in stony silence, but gradually this irksome régime aroused murmurs in the paid press. No heed, however, was paid until one or two papers openly attacked the War Minister for interference in matters outside the scope of his military authority. Retribution was swift and decisive; a thousand strokes on the bare feet of an offending editor served as an example for the rest, and for a period Serdar Sepah was allowed to carry on in peace.

274. However, this straightforward administration was growing intolerable to many people whose perquisites were thereby seriously endangered, and the press again began to murmur disapproval. This time, when attacked, Serdar Sepah wished the Government to take action, and requested Mushir-ed-Dowleh to use his authority and suppress the offending newspaper, but the timid Prime Minister refused. It was perfectly obvious that such attacks on the commander-in-chief, if left unpunished, would affect the discipline of the army and seriously diminish the prestige of its chief in the eyes of both officers and men. A quarrel ensued between the Prime Minister and the Minister for War, as a result of which Mushir-ed-Dowleh resigned and remained sulking in his house. Serdar Sepah, irritated beyond measure at the lack of co-operation of his colleague, took the law into his own hands and personally chastised with great severity the offending editor, and subsequently complained to the Majlis of the intolerable situation in which such attacks placed him.

275. The Majlis was frankly surprised at the appeal made to it by a person who had so far ignored its existence, but recovering from its astonishment, it expressed in forceful terms its displeasure at Serdar Sepah's dictatorial methods.

276. The result of this expression of opinion was surprising and unexpected. Serdar Sepah tendered his resignation in writing to the Heir Apparent, and then called his officers together and announced his intention to resign, but at the same time showed his authority by withdrawing all armed guards from the palace, the

Parliament and other public buildings. It is extremely doubtful if he ever had any serious intention of resigning, and quite probably he only staged this rehearsal to see exactly what his position was. The result must have been gratifying enough to him.

277. His officers unanimously refused to allow him to resign, and swore to follow him in any course he cared to pursue in order to preserve his authority. The Heir Apparent refused to accept his resignation, and summoned a meeting of the Prime Minister, the President of the Majlis and the War Minister to try to arrange the matter amicably. He was successful. Serdar Sepah met halfway the demands of the Majlis for more constitutional methods, and the Majlis, still somewhat overcome at its audacity in having dared to criticise the powerful soldier, thanked him for the services he had rendered to his country amid scenes of great enthusiasm.

278. Serdar Sepah promised to recall certain military Governors at once, and undertook to hand over those branches of the Ministry of Finance which he had taken under his control, to the American financial adviser whenever he should arrive.

279. The tussle with the Majlis strengthened Serdar Sepah's position, for though he had conceded some points, the Majlis had publicly thanked him for his great services and thus ranged itself on his side.

280. The carping criticisms of the press ceased and Serdar Sepah carried out his promises. Those branches of the Finance Administration of which he had taken control, were duly handed over to the American adviser, who in return undertook to provide the necessary funds for the maintenance of the army during the remaining period of the current financial year.

281. Serdar Sepah had long expressed a desire to visit the South of Persia which was unknown to him, and the return from Europe of His Majesty the Shah gave him an opportunity of realising his desire, and of obtaining a much needed rest from the sordid atmosphere of intrigue in the capital.

282. On his journey southwards he was received everywhere with open arms, and came into personal contact with all the khans between Isfahan and Bushire. He made much of them all and urged them to remain ever loyal to their country, but at the same time he warned them in no uncertain terms of what they could expect from him if they should venture to disobey his orders.

283. The only incident which marred his journey was his arrest at Bushire, on a charge of disrespectful conduct to himself, of the son of the Khan of Hayat Daoud, whose well-known pro-British sympathies were considered by His Majesty's consul-general at Bushire to have been the motive for the arrest of his son. There is no doubt that some of the Deputies from the southern provinces, actuated by personal grudges, had endeavoured to prime the Minister for War before his departure to the south, and in Fars he was probably subjected to further evil associations. His Majesty's Minister is, however, satisfied, from conversations which he has subsequently had with Reza Khan, that the latter was not actuated by any anti-British sentiments; moreover, on the former's intervention, the arrested man was released unconditionally.

284. An endeavour has been made in this short sketch to show up the qualities of the man and the almost insuperable difficulties which he has had to overcome. In ordinary life he is said to be quick tempered and violent, but he has a keen sense of humour, and in dealing with the difficulties which have beset him he has certainly shown a remarkable degree of patience and, considering the power which he has wielded and now wields, it is remarkable how little he has abused his position of authority. He has, of course, many imperfections and limitations, but he has undoubtedly rendered good service to his country, and it seems not unreasonable to count on his doing so in the future.

(2.) Persian Army.

(a.) General Situation.

285. From the time that Serdar Sepah (Reza Khan) assumed office in the spring of 1921 as War Minister and Commander-in-chief of the Persian army, a steady improvement in the efficiency, organisation and administration of the armed forces has been maintained.

286. The successful campaign against Kuchik Khan and the Bolshevik rebels in Gilan during the summer of 1921, and the quick suppression of the rebellion organised by Colonel Muhammed Taki Khan in Khorassan in the autumn of the same year, strengthened Reza Khan's position to such an extent that at the beginning of 1922 he became virtually a military dictator in the country. Throughout 1922 his

army has been his first care, and in spite of political and financial difficulties he has been able to carry out a gradual reorganisation of the armed forces in the country, and by the end of 1922 had under his command an organised Persian army, such as has not existed since the time of Fath Ali Shah in 1834.

287. The gendarmerie, which in the summer of 1921 had been transferred to the Ministry of War from the Ministry of Interior, was definitely abolished in January 1922. The Swedish officers were dismissed, and the Persian officers and men absorbed into units of the Persian army.

288. The new army has been organised into five divisions, with army headquarters at Tehran. The five divisions are:—

- I. Tehran Division.
- II. Tabriz Division.
- III. Hamadan Division.
- IV. Isfahan Division.
- V. Meshed Division.

289. Each division is to number approximately 10,000 men, and consists of 7 infantry regiments (fauj), 1 artillery regiment, 1 cavalry regiment and 1 engineer regiment, with the usual administrative units and divisional headquarter staff. The country is divided into five divisional areas for purposes of military administration, the boundaries of which are shown in the attached map.*

290. This scheme of organisation has steadily progressed during the past year in spite of delays caused by the necessity of conducting major operations in Azerbaijan against Simko, and it is now well on the road to fulfilment.

291. The actual strength of the Persian army on the 1st January, 1923, was 30,000 men.

292. A marked improvement is noticeable in the *moral*, discipline and efficiency of the troops, and a definite military spirit permeates all ranks, who take a pride both in themselves and in the force to which they belong, a remarkable change from a few years ago when a Persian soldier was looked on by his countrymen as something beneath contempt.

293. The creation of this army is the work of one man, Reza Khan, whose energy, driving power, and remarkable personality have enabled him to overcome the lethargy of the Persian, and to surmount many seemingly insuperable difficulties.

294. His main difficulties during the past year have been:—

- (a.) Finance.
- (b.) Lack of trained staff.
- (c.) Inefficient regimental officers and instructors.
- (d.) Lack of rifles, guns, munitions and other war material, and the varied nature of existing patterns.
- (e.) Lack of medical staff and equipment.
- (f.) No proper transport organisation.

295. Taking these in the above order:—

- (a.) In the face of great political opposition the War Minister found it necessary in March 1922 to assume direct control of the revenue bearing administrations of the country, *e.g.*, Crown lands, indirect taxes, &c., in order to obtain funds to pay his troops, as the Treasury pronounced its inability to provide him with his requirements. On the arrival of Dr. Millspaugh, the American financial adviser, in December 1922, Reza Khan handed over at once all financial matters to their proper departments on receipt of Dr. Millspaugh's guarantee that an adequate allotment shall be made for 1923 towards the military budget.
- (b.) This difficulty the War Minister still has to contend with, making the best use he can of Persian officers who have received training in staff duties in Russia and Turkey. The chief weakness in staff duties lies in the lack of capable administrative staff officers, and of officers with knowledge of the technical branches of the service.
- (c.) Little improvement may be expected amongst regimental officers and *n.c.o.s.* until a sufficient number of Persian officers have been trained abroad, who can return to act as instructors in all branches of the service. The War Minister formulated a scheme in May 1922 for sending 56 officers

* Not reproduced.

to France to receive military instruction, but the scheme has had to be postponed for the time being owing to lack of funds.

- (d.) Efforts are being made by the War Minister to purchase rifles and munitions in Germany and in Russia, so far without success. As the debt of the Persian Government to Great Britain for military stores, weapons, and munitions contracted during the period 1915-21 amounts to £313,434 17s. 6d., and is one that the Persian Government has made no attempt as yet to pay off, the War Minister realises that any request for the purchase of further war material from British sources is unlikely to meet with a ready response, and is, therefore, a waste of time.

(e.) Medical services are hampered by lack of funds.

- (f.) Transport arrangements hitherto have consisted in requisitioning civil transport from towns and villages whenever troops were called upon to move. This is found to be unsatisfactory and an effort is being made to organise divisional transport columns of horsed vehicles.

296. The fact that the War Minister has been faced by great political opposition during his period of office has made his task none the easier. This opposition has been shown by his many Persian enemies, and is due largely to their resentment at a man of such humble origin holding so important a position, and is intensified by their dislike of his brusque and dictatorial methods. Intrigue on the part of the Soviet authorities to bring about his downfall has fomented the opposition against him. It is to the credit of his remarkable personality and strength of character that he has been able to steer clear of shoals, and to find himself in a stronger position at the end of the year than he was at the beginning.

Military Policy.

297. The creation of an efficient army in the country is in accord with the growth of the desire of the people to see a strong and independent Persia. The duties of the army are two-fold:—

- (a.) To ensure peace and security in the country by quelling internal disturbances, by assisting local police organisations where such exist, and by performing the duties of armed police in areas where no such organisations are in being.
- (b.) To preserve the independence of Persia by protecting her frontiers from foreign aggression.

298. With regard to (a) regular troops have been engaged during 1922 in the following operations:—

- (1.) Operations in Azerbaijan against Simko.
- (2.) The suppression of Lahouti Khan's revolution at Tabriz.
- (3.) Operations against Shabsavan tribes in the Ardabil area.
- (4.) Restoration of order in Gilan. Operations against Sayyid Jellal.
- (5.) Attack by the Kuhgelus on a Persian detachment marching from Isfahan to Ahwaz.

(b.) *Operations against Simko.*

299. The autumn of 1921 found the insurgent chief, Simko, who had hitherto defeated all attempts by Persian forces to crush him, in a stronger position than ever. Aided by a number of Turkish deserters and supported by an increasing number of followers from neighbouring Kurdish tribes, he controlled completely the whole area between Lake Urumia and the frontier, between Khoi in the north and Saojbulak in the south. Owing to the Persian troop commander at Saojbulak inviting certain local Kurdish chiefs to a friendly meeting in the town, and treacherously arresting them, Simko, hearing of this, on the 7th October, 1921, attacked the Persian garrison in Saojbulak, completely surprised and routed them. Of the 700 men forming the garrison, 450 were killed or captured. This success greatly increased his prestige, and his movement then became a serious menace to the Persian Government as it threatened Tabriz on the one hand, and on the other, if allowed to grow unchecked, there was the probability of the rising spreading southwards amongst the hitherto loyal Kurdish tribes as far as Kermanshah.

300. In November 1921 the War Minister decided to concentrate in the spring of 1922 a sufficient force in the Tabriz area which would ensure inflicting on this rebel a decisive defeat.

301. Before this concentration was completed, Simko, in May 1922, was able to inflict serious loss on an isolated detachment again at Saojbulak, which resulted in the Persian forces losing some 200 killed, and which further increased the *moral* of Simko's followers and caused a larger number of tribesmen to join him.

302. Furthermore, whilst the concentration was in progress, a revolutionary movement organised by Lahouti Khan, an ex-gendarmerie officer, broke out on the 31st January, 1922, and Tabriz, for eight days, was in the hands of revolutionaries. The majority of these were ex-gendarmerie officers and men who had been stirred to action by Russian Communist propaganda, the real reason for the rising being that they had received less consideration than men taken from the old Persian Cossack Brigade on their absorption into the army. The rapid move into Tabriz of a detachment of Persian troops, at the time on the march from Hamadan to join the concentration, quelled the rebellion. Lahouti Khan, with a number of his followers, fled into Russian territory, where they were disarmed but allowed to remain.

303. It is interesting to note that there was no connection between Lahouti Khan's movement and Simko, the latter having no love for Communism and still less for the Russians.

304. The Persian concentration was completed by the end of July 1922, and General Amanullah Mirza, the Chief of the Staff of the Persian army, arrived at Tabriz from Tehran to take command of the operations. In forming his plans he consulted a Russian officer of the old Tsarist army, General Andrievsky, who had gained intimate knowledge of conditions in the Urumia district in 1916-17. His plan consisted in making his main attack round the north end of the lake on Simko's stronghold at Chahrik, leaving a sufficient force at Saojbulak to prevent his moving southwards. The plan was well carried out and proved a complete success.

305. Simko's force was routed, Salmas occupied by Persian troops on the 10th August, 1922, and Urumia on the 16th August. Simko and a few followers fled into Turkish territory, and later found his way to Rowanduz on finding the Turks desirous of helping the Persians to effect his capture.

306. Garrisons of Persian troops were left at Khoi, Salmas, Urumia and Ushnu, and the major portion of the force returned to their divisional areas (Tehran and Hamadan). Refugees commenced to return to their homes, and no further disturbances have occurred in the Urumia district, which is now completely under the control of Persian Government administration. At the conclusion of operations, General Amanullah Mirza resumed his post at Tehran as Chief of the Staff of the army.

(c.) *Operations against Shaksavan Tribes in the Ardebil Area.*

307. These call for little comment, and consisted of the infliction of punishment on tribes inhabiting the region round the town of Ardebil, whose raiding activities had become a danger to the community. The district at the time had a weak and incompetent Governor, with an insufficient force at his disposal. A detachment of 800 men from Tabriz was sent to Ardebil, and after a few successful encounters with the tribesmen, restored order in the district.

(d.) *Gilan.*

308. After the defeat of Kuchik Khan and the suppression of the revolutionary movement in Gilan in the autumn of 1921, a number of revolutionaries and malcontents took refuge in the dense forest west of Resht, where the Persian troops were unable to round them up.

309. The Russian authorities, disappointed at the collapse of the "Gilan Republic," which they hoped to see extended into a "Persian Soviet Republic," saw in this group of revolutionaries in the jungle a possibility of organising another revolutionary disturbance in Gilan. A former supporter of Kuchik Khan, named Sayyid Jellal, came to the fore as the rebel leader in June 1922, and, supported by a band of about 300 rebels, commenced guerilla warfare in the forest against the Persian detachments in the province. He got into touch with Ihsanullah Khan and the Persian Communist party in Baku, but though receiving moral support, he obtained little material assistance from either the Soviet authorities in Gilan or their friends in Baku. The War Minister strengthened his forces in Gilan, which after some weeks of harrying the rebels from place to place in the jungle, succeeded in capturing Sayyid Jellal on the 30th September with several of his followers.

These were executed in Resht a few days later, and a period of tranquillity again commenced in the province.

310. The Soviet authorities, however, still regarded Gilan as the best soil for the propagation of Communist and revolutionary propaganda, and through organisations controlled by their energetic consul at Resht, M. Apresof, they have been doing their best to foment further unrest amongst the people against the Central Government. In this they have been given material assistance by a weak and incapable Governor, Nayer-es-Sultan, who is a mere puppet in Russian hands.

311. The situation at the end of the year became sufficiently serious to make the War Minister decide to reinforce his troops in Gilan, and to formulate plans to counter the revolutionary propaganda now in progress.

(e.) *Shalil Incident.*

312. A Persian detachment, consisting of 274 men, 1 gun and 3 machine guns, left Isfahan on the 17th July, 1922, to march to Ahwaz, where it was to form an escort to the Persian Governor. The real reason of this move, however, was undoubtedly the first step of the Persian Government to obtain a military footing in Arabistan, and thereby to bring pressure to bear on the Sheikh of Mohammerah.

313. The detachment marched on a peace footing accompanied by families of officers, baggage, &c., and had no advanced or flank guards. On the 2nd August it was suddenly attacked in the Laghamgir Pass by tribesmen, afterwards proved to be Kughelus, lost about 100 killed and all its weapons, animals and baggage, and the remnants returned partially stripped to Isfahan.

314. The Persian Government at first believed that the Bakhtiari had instigated the attack owing to their dislike of a Persian detachment passing through their country, and possibly to the request of the Sheikh of Mohammerah, who desired at all costs to prevent the arrival of Government troops in Arabistan.

315. The Bakhtiari, however, proved to the satisfaction of the Persian Government, that they had nothing to do with the affair, but since the attack took place in Bakhtiari they assumed the responsibility of recovering the loot and of punishing the Kughilus. The looted property was returned later, but the Kughilus have not received the punishment they deserved.

(f.) *Foreign Instructors.*

316. Since the dismissal of British officers in 1921 from service in the Persian army, the War Minister still continues his policy of opposition to foreign interference in any form in military matters, and has repeatedly expressed during the past year his determination not to engage foreign instructors or foreign advisers. Though he fully realises the advantages of their services, and the increased efficiency by which his army would benefit, he considers the political disadvantages of their employment far outweigh their military utility.

317. In January 1922 it was reported that the Persian Government intended to engage ten American officers as army instructors, but later events showed this report to be without foundation.

(3.) *Protection of the South Persian Oil-fields.*

318. The area in which the Anglo-Persian Oil Company's concessions are situated may be divided into the Bakhtiari or hill district, in the southern portion of which the oil-fields proper are situated, and the Arabistan or plain district between the oil-fields proper and Mohammerah.

319. For various reasons trouble is least likely to break out in the Bakhtiari district, in view of the allowances made to the Bakhtiari Khans and the fact that they have always maintained cordial relations with the Anglo-Persian Oil Company.

320. The Arabistan area is in another category. The populace is deeply fanatical and readily joined the Turkish "jihad" in 1915. Though this area is controlled by the Sheikh of Mohammerah, whose interest it is to maintain order, he cannot guarantee this area against an outbreak of lawlessness. The problem is, therefore, to a great extent that of overawing the tribes in Arabistan, and to a lesser degree of ensuring the safety of installations throughout the Bakhtiari country and at Abadan.

321. His Majesty's Government, in a despatch dated the 27th June, 1922, directed that in case of emergency the Air Officer Commanding-in-chief in Mesopotamia

is responsible for providing military assistance for the protection of the South Persian oil-fields, provided that the despatch of these troops will not endanger the situation in Irak or the position of the troops left behind.

(4.) *British Troops in the Gulf Ports.*

322. In March 1922 the Persian Government protested officially against the presence of British troops on Persian soil and requested their withdrawal.

323. British troops have been maintained in South Persia from time to time since 1850, and continuously since 1911. Their presence was required for the following purposes:—

- (1.) Maintenance of order and security in the absence of Persian units capable of preserving them.
- (2.) Protection, in the absence of any other, of British trade interests.
- (3.) Protection of landing grounds on the line of air communications between Irak and India.
- (4.) Protection of British telegraph cables and wireless stations.

324. The numbers and distribution of these troops in 1922 was as follows:—

	British Officers.	Indian Ranks.
Bushire	9	443
Bunder Abbas	2	87
Bahrein	—	33
Henjam	—	46
Jask	—	33
Jask column*	1	53
Muscat	—	33
Charbar	1	69
	13	797

325. In 1912 there had been some negotiations on the subject with the Persian Government and His Majesty's Government agreed in principle to withdraw the troops, subject to the fulfilment of certain conditions, of which the principal was a guarantee for the maintenance of order and security. Up till the outbreak of war in 1914 it was not considered that these conditions had been satisfactorily fulfilled. During the war there was obviously no question of withdrawal.

326. Steps were taken to ascertain the views of His Majesty's Government, the Government of India and His Majesty's consul-general at Bushire in regard to the Persian Government's request.

327. The last was ready to recommend withdrawal if the British troops could be replaced by an efficient and regularly paid Persian force. He pointed out, however, that since the disbandment of the South Persia Rifles there was no such force available, and that the country had relapsed into a state of insecurity. He considered that agreement in principle to withdrawal should be conditional on guarantees that adequate protection should be given to British lives and property and order maintained in the ports and their hinterland by a disciplined Persian force.

328. The Government of India concurred in this view: it welcomed the prospect of relief from the expenditure involved, and looked forward to the consolidation of the authority of the Central Government throughout Persia with unmingled satisfaction. It doubted the ability of the Persian Government, however, to provide adequate security at the time and therefore considered the moment for withdrawal was not ripe.

329. After due consideration of the matter in London, His Majesty's Minister, acting under instructions, informed the Persian Government that "His Majesty's Government would welcome the creation of a Persian force capable of restoring and preserving order and of protecting foreign life and property in the Persian Gulf. As soon as such a situation has been established with a reasonable prospect of permanence, His Majesty's Government will be prepared at once to enter into negotiations with a view to the withdrawal of the British detachments." It was added that this statement did not refer to the consular escorts.

330. When the Persian Minister for War visited Bushire in November to meet the Shah, His Majesty's consul-general there was instructed to explain to his

* Escort to telegraph line party.

Excellency the local conditions which had rendered the retention of the British troops necessary. This and what he himself saw, seems to have produced some impression on Serdar Sepah, and he afterwards admitted to His Majesty's Minister that his military forces in the south were very defective and needed thorough reorganisation. However, in Bushire, and no doubt in order to save his face with his Nationalist compatriots, he issued a proclamation to the inhabitants, saying that the presence of the British troops was due to the weakness of the Tehran Government after the war and the necessity of protecting the frontiers; but that now that the Persian army had been reorganised, the British troops would be withdrawn and the people need have no anxiety on that score.

(5.) *Consular Escorts.*

331. During 1922 the consular escorts at Tehran, Hamadan, Kermanshah, Isfahan and Shiraz have been relieved by fresh detachments from India. The detachment of Guides Cavalry forming the escorts at Tehran, Hamadan and Kermanshah being relieved by a detachment from the 35/36th Cavalry; the detachment of 35th Scinde Horse at Shiraz being relieved by a detachment from the 9/10th Hodson's Horse; and the detachment of 9th Hodson's Horse at Isfahan being relieved by a detachment of the 17/37th Cavalry. The strengths of the various escorts remaining the same with the exception of the Tehran escort, which was reduced from one n.c.o. and nine sowars to one n.c.o. and five sowars.

332. Owing to the temporary closing of the Hamadan vice-consulate in July, the escort was divided up between Kermanshah and Tehran. One n.c.o. and five men being sent to Kermanshah, and the same number to Tehran.

333. The discipline of the escorts during the past year, with two exceptions, has been good. One dafadar and one sowar of the original Hamadan escort were returned to India in September; the sowar for entering into a marriage contract, the dafadar for allowing him to do so. Three sowars of the Isfahan escort were also returned to India in September for disobedience of the orders of the Indian officer in charge of the escort.

334. The health of escorts has been excellent. One man of the original Hamadan escort was returned to India from Kermanshah in September on the recommendation of the medical officer as being unfit for service in Persia.

335. At the close of the year the Kermanshah escort was two Indian other ranks under strength, and the Tehran escort one Indian other rank under strength, replacements not having arrived for the men returned to India.

336. In addition to their normal duties, the escorts at Tehran, Hamadan and Kermanshah have been employed in escorting the fortnightly confidential mail bags from His Majesty's Legation, Tehran, to Bagdad, returning with the incoming bags. The average time for the journey from Tehran to Bagdad is fifteen days, the sowars leaving Tehran in sufficient time to catch the fortnightly air mail from Bagdad for Cairo.

XII.—MEDICAL AFFAIRS.

(1.) *The Persian Government Hospital, Tehran.*

337. In the year 1919, His Majesty's Government undertook to help the Persian Government to reorganise its hospital of eighty beds. The principal clauses in the arrangement were that the British Government should lend two medical officers and should give a subsidy for the supply of *matériel*. The Persian Government, on the other hand, agreed to double the budget. The physician to His Majesty's Legation, and the Medical Superintendent of the Indo-European Telegraph Department were appointed for the work. An English matron was also appointed by the Persian Government. The antecedents of the hospital, and an account of the work carried out, are given in the report for the years 1919–20, enclosed in His Majesty's Minister's despatch No. 53 of the 26th January, 1922. In a subsequent despatch (No. 260 of the 10th May, 1922) he submitted the report for the years 1920–22.

338. During the past year the hospital has continued to work under British medical officers, but in face of great difficulties owing to the financial troubles of the Persian Government. For this reason it has been found necessary to close a number of beds. His Majesty's Treasury having decided, for reasons of public economy, to cease paying the annual subsidy, a successful appeal was made to the generosity of the chairman of the Anglo-Persian Oil Company, and the hospital is to benefit

to the extent of £2,000 per annum. The first payment has been made, and the expenditure of the contribution is to be controlled by the British medical officers. A detailed report on the hospital will be drawn up at the end of the current Persian year.

(2.) Sanitary and Allied Questions.

The Persian Sanitary Council.

339. The Persian Sanitary Council was absorbed by the Ministry of Health formed by the Cabinet of Sayyid Zia-ed-din in February 1921, and was revived again towards the end of the year when the Ministry was abolished. Unfortunately in the process it lost the whole of its funds (some 7,000 tomans), and its existence during the year under review has been one of suspended animation, as far as active measures have been concerned, for no financial help has been given to it. However, it has met regularly and has continued to function as the principal sanitary authority in the country. *Procès-verbaux* have been published, and its three commissions (Sanitary, Finance and Personnel) have met as required. Its complexion, though paler, has remained much the same as in the past—that of a Persian Committee with representatives of Foreign Legations sitting on it. While, however, the British, French and American members have attended regularly there have been no Russian, German, Austrian or Turkish delegates throughout the year. The president has been Dr. Amir Khan Amir Aalam since 1914. He has a French diploma, and has been Minister of Public Works and Minister of Public Instruction for short periods. He is considerably more active and capable than the bulk of his fellows, and as a connection by marriage of Vossuk-ed-Dowleh and Kawam-es-Sultaneh has a position not equalled by other Persian doctors.

Epidemics.

340. As regards epidemics of international importance Persia continues to play the rôle of the party sinned against rather than that of sinner; in other words, she has not initiated an epidemic on a large scale herself, but has suffered on account of outbreaks in neighbouring countries.

Plague.

341. Plague has undoubtedly for many years past been endemic in Irak, though little was heard of it while the country was under Turkish rule. There is now an annual recrudescence which in 1922 began at Basra and spread to Mohammerah at the beginning of June. The town was declared free in August. Cases began to occur at Bagdad in June, and the Sanitary Council imposed a medical inspection on travellers from Irak at Kasr-i-Shirin. A decision to disinfect the post was not carried out. The epidemic has lingered throughout the year, sporadic cases having been reported from Bagdad up to December, but no cases have occurred in Persia. The Persian plateau does not appear to be a favourable *locale* for plague; there are, of course, no rats, but there are gerboa and tarbagan in the East. In this connection it is not uninteresting to mention that during the unpacking of some lorries, which brought an X-ray plant from Bagdad to the Persian hospital at Tehran, a large and lively rat hopped out of the straw to be promptly despatched by the bystanders.

Cholera.

342. Persia was threatened by the epidemic in Transcaucasia and Transcaspiia, along the whole length of her northern frontier. Quarantine measures were taken in June as follows:—

Khorassan Frontier:—

343. Frontier closed and all arrivals quarantined at Bajgiran, Lutfabad and Sarakhs (station later moved to Khakistar).

Caspian Littoral:—

344. Quarantine for ships bound for Persia at the ports of Enzeli and Astara. A subsequent inspection at Bandar Gez and Meshed-i-Sar for any ships proceeding to those ports.

Azerbaijan Frontier.

345. Inspection at Julfa.

346. The only cases of cholera that occurred actually in Persia were among six travellers from Russia quarantined at Astara in July. Precautions were kept up until August in spite of the protests of the Russians who denied the existence of cholera, while their own sanitary authorities at Baku were reporting cases.

347. Persia must be accounted extraordinarily lucky to have escaped infection, for her slender means of defence have been still further cut down by the practical destruction of her quarantine stations at Enzeli and Astara by the Bolsheviks. The island of Ashurada, too, now once more Persian, it was hoped, would provide a suitable quarantine station for that part of the Caspian littoral, especially as it was known that the Russians had put up a hospital and other buildings there. They, on inspection, were, however, found to be in ruins.

Malaria.

348. Malaria continues to be the chief cause of death and ill-health in Persia, and this not only in the Caspian provinces but on the plateau as well, as the British forces found to their cost in 1916 and subsequent years. Mazenderan and Gilan with their heavy rainfall, numerous rivers and paddy fields are obvious mosquito breeding grounds, but the plateau has a low rainfall and few rivers. These last, however, for the most part, and in the desert, forming small lakes and marshes on the way; while in the towns and villages man himself makes malaria with his irrigation and ablution tank in every house. There was a very severe epidemic all over Persia in 1921; in 1922 the annual exacerbation was less severe. The severe tropical forms of the disease are extremely common. The district of Shahriar, the "garden" of Tehran, has lost most of its adult males. The Sanitary Council has frequently proposed anti-malarial measures, and has urged the Government to act—but with the Treasury empty it is not to be expected that even so simple a step as the provision of quinine could be taken.

Smallpox.

349. The physician to His Majesty's Legation was the means of starting a public vaccination service for Persia some thirteen years ago, and through its work the country gradually became comparatively well vaccinated. During the year under review there have been, however, numerous outbreaks of smallpox in different parts, and this has been solely due to lack of funds for the purchase of vaccine, and the payment of the vaccinators. In 1921, however, the Persian Government engaged Dr. Mesnard, of the Pasteur Institute, to start an institute in Tehran, and though it was months before he was enabled to begin work, he has this year made some 35,000 doses of very excellent vaccine, so that the outlook is much more promising.

Typhus and Relapsing Fevers.

350. Persia has had of late years a succession of fair to good harvests, and no serious outbreaks of these diseases have occurred.

Influenza.

351. No recrudescence has taken place since the pan-epidemic.

Epizootic Diseases: Anthrax.

352. This disease is endemic and very common in Persia, in man as well as in animals. During the past year there have been an unusually large number of cases. The Pasteur Institute has here again done useful work in the Tehran district in diagnosis and inoculation.

Rhinderpest.

353. Some suggestive but unconfirmed reports have been received from the provinces, but no outbreak, such as occurred in 1918-19, has taken place.

Glanders.

354. Glanders is widespread in Tehran, and human cases are occasionally seen.

Opium and Narcotic Drugs.

355. Strict legislation was introduced in 1921 to deal with the importation of opium derivatives and other narcotic drugs. Great difficulty was experienced in working it, and smuggling has made it practically useless. As to opium, the proposals of the League of Nations have met with strong opposition from the cultivators. The evil of opium smoking has become so great that the Municipality of Tehran has been moved to introduce repressive measures. These have refined themselves down to the adoption of a by-law which has been in force for five years at the village of Gulhek, where His Majesty's Legation spends the summer, namely prohibition of smoking in tea houses or other public places. Prohibition of alcohol was also introduced in 1921, but during the past year it has been considerably diluted, largely for reasons of revenue.

League of Nations—Health Section.

356. Persia, as a member of the old "Office international d'Hygiène publique," has agreed to its being placed under the League.

Society of the Red Lion and the Sun.

357. A proposal to form a Society corresponding to the "Red Cross," the "Red Crescent," &c., has been discussed by the Sanitary Council, but so far no progress has been reported.

The Quarantine Service of the Persian Gulf.

358. This service has continued to perform its valuable duties in its quietly efficient way. Apart from the routine work in connection with vessels arriving from India, the outbreak of plague at Mohammerah described above was the only incident of importance reported. Regular reports have been furnished to the Sanitary Council by the chief medical officer at Bushire.

359. Our administration of the sanitary service in the Persian Gulf came in for criticism by the Persian authorities twice since the end of the year 1921.

360. On the 12th December, 1921, the Ministry for Foreign Affairs raised the question of our rights as regards the service "because the Persian Government consider that the administration of quarantine, when necessary, is the duty of the 'sanitary officers of the Persian Government.'" After a careful search for information as to the origin of the service, which dates back to 1864, His Majesty's Minister submitted to the Secretary of State, in his despatch No. 112 of the 5th February, 1922, a draft of the reply which he proposed to make to the Persian Government. In the former he stated that "no trace of a formal arrangement initiating our quarantine régime has been found however, though communications have passed between this Legation and the Persian Government, in which it has received full and repeated 'recognition.'" In the draft Sir Percy Loraine gave references to these communications; he refuted the statement that it had been carried on entirely at the expense of the Persian Government; and showed that British medical officers and apparatus had been placed at the disposal of the Persian Government, because of its lack of both trained personnel and suitable matériel.

361. The Secretary of State approved the proposed reply, but on the 25th May His Majesty's resident in the Persian Gulf reported (in his telegram No. 158) that the Persian Government had instructed the local customs administration not to pay the quarantine expenses as it had done for the past twenty years; the quarantine authorities must in future negotiate direct with the Central Government. There was no Government at the time, and plague had broken out at Basra and Mohammerah. The proposed change would have meant endless delays and the disorganisation of the service. Sir Percy Loraine therefore at once made vigorous representation to Serdar Sepah, and he ordered the customs to resume payments. In reporting this to the Secretary of State, His Majesty's Minister advised that his proposed reply to the Persian Government, quoted above, should not be presented for the time being (despatch No. 425 of the 7th July), as he believed that the whole question of our quarantine administration would be raised by the Persian Government in the near future. As a matter of fact it has so far not been raised again in the form set out above, but less directly as the next paragraph will show.

362. The second occasion on which our administration provoked enquiry was in connection with the routine account of expenditure on the quarantine service submitted by the Customs to the Persian Government. The Ministry of Public Instruction having received a statement had sent it to the Sanitary Council with a request for explanations and observations. The President had sent it to the Ministry

for Foreign Affairs, but they had returned it "having also no information to give." The "Commission d'Hygiène" to which the matter was reported in July, therefore decided to ask for the necessary explanations from the Ministry of Finance, and also for a detailed report on the Sanitary conditions of the Persian Gulf, and the quarantine arrangements of the Gulf ports (see Bushire telegram No. Nil of the 5th August, 1922). His Majesty's Minister in reply to this telegram recommended that the report should be furnished. The drawing up of such a report involves a great deal of labour and it has not yet been received. Curiously enough this incident is not mentioned in the published minutes of the meeting at which it took place. It is perhaps not uninteresting to note that the Minister of Public Instruction in the Cabinet which asked, in December 1921, for information as to the inauguration of our administration, was Dr. Amir Aalam the present president of the Sanitary Council.

XIII.—REFUGEES.

363. The refugee problem in Persia, as in so many other part of the Near East, is a legacy of the war of 1914-18. Since therefore the origin of this problem has not been described in a previous annual report, it may be useful to give a brief résumé of the events which resulted in the uprooting and dispersal of certain populations of North-West Persia.

364. In this regard the effect of the tides of war which swept back and forth between Eastern Turkey and the Caucasus was felt chiefly by the Assyrians or Nestorian Christians, and the Armenians, and to a lesser degree by the Mohammedan population of Azerbaijan.

365. The Assyrians before the war were divided into—

- (a.) Those in Persia, dwelling to the number of 32,000 in the districts of Urumia and Salmas, and
- (b.) Those in Turkey, commonly known as "Jilus," inhabiting the mountains of the Van and Mosul vilayets, their numbers being variously estimated at between 60,000 and 80,000.

366. Owing both to the paramount influence of Russia in North-West Persia and to the religious *entente* between the Nestorian and Orthodox Churches, the Assyrians found themselves on the outbreak of war identified with the Allied cause, and thus when the exigencies of the war led to the withdrawal of Russian forces from the Urumia region during the winter of 1914-15, the greater part of the Persian Assyrians fled with them. In May 1915 the Russian army returned, and was followed by many of the Assyrians, who found that their homes had been looted by the Turks and Persians, and that of their brethren who had remained behind more than a third were dead. They began, however, to re-establish themselves, and were joined in the autumn of 1916 by some 50,000 of the Jilus. These, after raiding Kurdish districts at Russian instigation and being thereupon attacked by both Turks and Kurds, deserted their mountains in a body and headed by their hereditary patriarch Mar Shimun, invaded the plains bordering on Lake Urumia, where they were assisted by the Russians and by the American mission at Urumia.

367. In consequence of the revolution in Russia and the dissolution of the Russian armies, the way was left open for a Turkish advance through Persia towards India. Amongst other measures which were taken to fill this gap was the despatch to Urumia of Russian instructors, who during the summer and early autumn of 1917 trained over 3,000 Assyrians and about 1,000 Armenians and put them into line against the Turks. An expedition sent by the Persian Governor-General of Tabriz to disarm the Assyrians failed, but the incident greatly embittered their relations with the Persians. At the beginning of 1918 a British officer and a French Military Mission arrived at Urumia and encouraged the Assyrians with promises of support.

368. The force so organised held out for nearly seven months, in the course of which it was gradually surrounded and lost all touch with the outer world. Finally a small body of men broke out with the intention of reaching the British lines and obtaining help. When neither news nor assistance arrived the Assyrians were seized with panic, and on the 31st July, 1918, the mass of them fled in the direction of Iamadan, which was reached within a few weeks by nearly 60,000 refugees, whose presence was a source of great embarrassment to the British military authorities. The latter ordered the formation of a relief committee consisting of two military and two civilian (American missionary) members, under the presidency of His Majesty's

vice-consul. This committee was supported chiefly by grants from His Majesty's Government and the American Presbyterian Mission at Hamadan, and later from the American Persian Relief Commission. The refugees were distributed into two camps in the neighbourhood, while employment was found for a certain number of skilled men by the British military authorities, who also recruited an irregular force from among them.

369. On the 17th August General Headquarters, Bagdad, ordered the refugees to be sent to a camp at Bakuba near Bagdad, and by the 3rd October 53,350 had been thus evacuated from Hamadan. Large numbers of Armenians, both from Persia and from Turkey, also found their way to this camp, whose upkeep became in course of time a heavy burden on the finances of Irak. Even after considerable economies had been effected, the cost of maintaining the camp amounted to £100,000 a month. Thus the Irak authorities were naturally anxious to get rid of their expensive guests, and during the course of 1919 various proposals were made for the repatriation of the refugees to their original domiciles.

370. At a conference held at Bagdad in March 1919 it was decided *inter alia* that the mountain Assyrians were to be repatriated gradually via the Mosul Vilayet, and that the Urumia refugees were to be sent to Hamadan, there to be cared for by the American Persian Relief Commission till such time as they could be removed to their own district. It was pointed out, however, by His Majesty's Minister that the refugees could not reach Urumia in time for the spring sowings, and would thus be dependent on external support until 1920, and that the Persian Government strongly objected to their return armed, while unarmed they would be exposed to the attacks of the Moslem population. Furthermore, the American Relief Commission declared itself unable to undertake their support at Hamadan, and it was known that the land of their destination had passed under the control of the Kurdish chief, Ismail Agha Simko, who, in March 1918, had treacherously murdered the Assyrian Patriarch. In view of these considerations, the Irak authorities gave up the proposed repatriation scheme, and turned their attention to a plan for the formation of a solid Assyrian enclave, extending from north of Mosul through Amadia towards Julamerk. This plan also was abandoned owing to the extreme distaste of the Urumia refugees for settlement anywhere save in their own district, and to the anti-Christian disturbances which broke out at Amadia in July 1919.

371. Meanwhile, the maintenance of scattered bodies of Assyrians and Armenians in Persia, nearly 9,000 in all, distributed between Hamadan, Kazvin, Tabriz and the Urumia district (where a massacre of the few remaining Assyrians by the Persian population took place in May 1919) continued to exercise the attention of His Majesty's Legation and of the military authorities. After the accounts of the Hamadan Relief Committee had been closed at the end of 1918 the work of relief was carried on partly by the military authorities and partly by the American Relief Commission. From May to August 1920, relief at Hamadan was taken over from the latter by His Majesty's vice-consul, with the aid of monies received from the Lord Mayor's Relief Fund, since the Americans were, for the time being, without adequate financial support.

372. In March 1920 the Irak authorities decided to break up the camp at Bakuba, sending the Armenians to Nahr Umar, near Basra, for eventual repatriation by sea whenever shipping and political conditions should permit, and the Assyrians to Mindan, north-east of Mosul, whence some 8,000 armed men were to make their way over the frontier, to be followed by the remainder of the refugees when the armed men had re-established themselves in the Urumia district. The mountain Assyrians were to be offered lands for settlement on the northern border of Irak, or to be infiltrated towards their old homes as opportunity offered.

373. Under this scheme, 5,000 refugees had already been moved from Bakuba to Mindan, when, on the 24th May, the Arab rising broke out and held up the movement, the camp at Bakuba being itself besieged by the insurgents. At the beginning of September, however, all the refugees had been removed. In October the advance from Mindan began by way of the Greater Zab valley, but the temptation to wander off and loot Kurdish villages proved too strong for the armed Assyrians, whose force dispersed, many of the men eventually drifting back to their starting place. Thereafter, the attempt to repatriate the Assyrians *en masse* was given up, and the mountain tribes were encouraged to settle in the valleys north of Amadia, while the Urumians, having decided to return to Persia, via Bagdad, were given a lump sum of money and despatched from the Mindan camp, which was finally closed down by August 1921. Nine thousand of these Persian Assyrians, who had not

found employment in Bagdad, nor enlisted in the Irak levies, were reported in June 1921 to be moving towards Kermanshah. The Persian Government was, at first, inclined to forbid absolutely their return to Persia, but was induced by continued representations on the part of the British and French Chargés d'Affaires to change this attitude, and in October permitted the refugees to cross the frontier unarmed, and to settle temporarily in the neighbourhood of Hamadan and Kermanshah.

374. During 1921 His Majesty's Legation was, on several occasions, approached by the Legation of the Armenian Republic with regard to the Armenian refugees at Nahr Umar, and in December, after the Sovietisation of that republic, its representative was informed that a ship carrying 3,000 of the refugees had sailed from Basra for Batum, and that two further shiploads would similarly be sent at the expense of His Majesty's Government. When this operation had been concluded, there still remained near Basra 2,700 refugees, concerning whose disposal the Legation was, at the end of 1922, in communication with His Majesty's High Commissioner for Irak and the Armenian secretary of the Russian Soviet Legation (which had by then absorbed the Armenian Legation).

375. Ismail Agha Simko, having ruled the Urumia district for three and a half years, was decisively defeated by Persian Government troops in August 1922, and the Persian press shortly after recounted the generous measures which the Government was about to take to aid the former inhabitants of Urumia in returning to their homes. In December a Bill voting 50,000 tomans was, indeed, introduced in the Majlis, but, on the recommendation of certain cautious members of the Opposition, the matter was referred to the American adviser.

376. Since Simko's defeat, Assyrian refugees from around Tabriz have been steadily returning in small parties to Urumia, where it is to be hoped that they will soon be settled in considerable numbers with the help of the American Near East Relief and of the American mission, now in process of re-establishment. In view, however, of the hostile attitude of the Kurds, and of the determination expressed by Turkish officers in Urumia to prevent the Assyrians' return, the prospect of this much reduced Christian island in a Moslem sea cannot be considered very bright.

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PERSIA.

Annual Report, 1923.

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Sir P. Loraine to Mr. MacDonald.—(Received April 14.)

(No. 128.)

Sir,

Tehran, March 4, 1924.

I HAVE the honour to transmit to you herewith, in accordance with standing instructions, the annual report on Persia for 1923.

I beg leave to acknowledge the assistance rendered to me in the preparation of this report by Mr. Monson, Lieutenant-Colonel Saunders, Mr. Havard, Dr. Neligan, Mr. Hadow, Mr. Huxley and Mr. Brenan, who have written up the special subjects with which they are respectively most familiar.

I have, &c.

PERCY LORAINÉ.

Enclosure.

Report on Persia for 1923.

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was falsely alleged that the conference had granted a hearing to Aga Petros at the instigation of His Majesty's Government, who, as usual, were accused of aiming another blow at Persia's integrity.

10. The economic situation, though by no means brilliant, improved somewhat in 1923. The kran appreciated, and during the latter part of the year it remained steady at between 44.50 and 45.50 to the £ sterling. Difficulties as regards trade with Russia continued, and the commercial negotiations at Moscow are still incomplete. The customs revenues elsewhere than in the north showed good results; the increased internal security and the work of the American advisers gave a greater degree of confidence to the trading community. A desire became apparent to improve the main roads and thus improve transport facilities, and interest in railway construction in Persia, although vague and ill-informed, apparently revived.

11. The year 1923 may therefore be said to mark a signal improvement in the Persian situation. The consolidation of the authority of the Central Government has proceeded apace and without any disastrous friction; from every internal point of view there has been a movement forward, even if a somewhat halting one, and the prospect of a general collapse which hovered over Persia during and after the war, and even as late as 1922, has receded into the background. So far as Persia herself is concerned, the major part of the credit for this result belongs undoubtedly to Serdar Sepah; but no informed or impartial observer would deny that its achievement would not have been possible without the friendly benevolence and patient forbearance displayed by His Majesty's Government towards Persia's efforts to extricate herself from the difficulties and dangers by which she was surrounded.

II.—RELATIONS WITH FOREIGN COUNTRIES.

Great Britain.

12. The year 1923 has seen an appreciable narrowing of the breach in Anglo-Persian relations of which the denunciation of the Anglo-Persian Agreement of 1919 was the immediate and determining cause. The steady and patient policy followed by His Majesty's Government and the careful abstention of His Majesty's Legation from any intimate relationship or identification with any political personalities or groups, have contributed largely to this result, as likewise the execution of the policy of gradually liquidating certain abnormal situations arising out of the war period, *e.g.*, the southern post offices, the telegraph questions, the British troops in the Persian Gulf ports, the Sarhad and Persian Baluchistan, &c., questions, which are separately treated elsewhere. The attitude of His Majesty's Government in these matters has not perhaps received the recognition which it deserves at the hands of the Persians, who are not by nature graced with a very highly developed sense of gratitude, but it has undoubtedly been of great value in reducing friction, while it has not involved the surrender or sacrifice of any essential British interest.

13. It has been events outside rather than inside Persia which have retarded the process of rapprochement and the resumption of the really friendly and neighbourly relations which the community of real interest between the two countries ought to render both natural and necessary. In particular was this the case with the question of the Irak ulama, which set the clock back badly just at a moment when the Persians were themselves feeling the necessity of improved relations and were showing some disposition to enter in conversations with a view to liquidate outstanding differences. The ulama incident and all the emotion which it caused, unfortunately at once turned off the tap of these good dispositions. The goodwill shown by His Majesty's Minister in trying to find a mutually satisfactory settlement of the question, even though mainly unsuccessful, poured a good deal of oil on the troubled waters and was counted unto him for righteousness among the Persians.

14. The main lines of Anglo-Persian relations figure largely in the general review of the events of the year; the details are revealed in the paragraphs detailing *passim* in this report the various questions which have engaged the attention of the two Governments. It cannot be said that the general attitude of the Persian Government towards British interests has been satisfactory; often, indeed, it has been vexatious and exasperating, particularly in matters of comparatively trivial importance, and the reason is to be found as much in a hyper-sensitive spirit of nationalism as in the usual oriental habits of evasion and procrastination. On the whole, such tendency as was perceptible has been towards an improvement, and the general suspicion of Great Britain has certainly abated.

Russia.

Russian Propaganda.

15. The early part of the year saw no change from the methods employed in 1922. The propaganda was directed mainly against the British with a view to lessening British influence, damaging British trade, and spreading Revolutionary-Socialist ideas amongst the people.

16. The despatch of the British note to Moscow in May 1923 effected a radical change. Local Russian officials expressed great consternation, as the note showed clearly that His Majesty's Government were in possession of full details regarding Russian propaganda organisations in Persia and their activities. Orders were issued from Moscow to cover up all signs of propaganda activity, to dismiss agents of doubtful reliability and to reduce the number of agents working in Persia. It soon became clear that, in spite of Russian promises to comply with the terms of the British note, the Soviet authorities had no intention of ceasing anti-British propaganda, but merely sought other channels through which the propaganda could be directed. The Communist note was suppressed, and arrangements were made to work through the "Ijtamayan" or Communist party, at whose head is Suleiman Mirza, the present Minister of Education, whose pro-Russian activities have been in evidence for some time past. Chief attention was paid to economic propaganda carried out by Vneshtorg, Gostorg, the Centrosyuz and the new Russo-Persian Trading Bank. The officials of these institutions are appointed by the Soviet authorities, some being chosen for their ability as propagandists.

17. Newspapers subsidised by the Russian Legation continued throughout the year to publish insidious propaganda, but latterly in a more guarded though none the less harmful form. The Russian Legation on the 2nd September commenced the issue of a daily news-sheet ("Rosta") printed in Russian and Persian, which is an obvious propaganda publication, containing from time to time anti-British articles. This sheet, printed in Tehran, is distributed in the provinces by Russian consuls, who are sent the required number of copies from Tehran.

18. A consignment of propaganda literature was landed at Enzeli on the 27th September for distribution in Persia, and doubtless is only one of several such brought into this country. The distribution of this literature is carried out secretly through the medium of Russian consuls in the provinces; Gilan, Azerbaijan and the Kermanshah districts being the areas to which it is usually sent. Russian and Armenian clubs have been founded by Soviet officials in Tehran, Meshed, Tabriz, Resht and Enzeli. These clubs are used as meeting-places for disseminating Communist ideas, lectures, and reading-rooms are provided, where the public has access to Russian periodicals and newspapers and Communist literature.

19. In spite of the efforts of the Soviet authorities to increase Russian influence and disseminate revolutionary ideas amongst the people during the past year, the result from the Russian point of view has been very unsatisfactory and does not justify the money and energy expended.

Russian Consuls.

20. During the year 1923 the Russian Soviet Government has established consulates at Bushire and Ahwaz:—

Bushire.—M. Lidin arrived at Bushire in April to take up the appointment of Russian consul. He is a young man of about 27 years of age, and appears to be of a better class than some of the Russian representatives. He speaks French and English, and is believed to have been for about three years in the Russian consular service.

Ahwaz.—M. Batmanov arrived at Ahwaz on the 23rd November to take up his appointment of Russian consul. He is reported to be a well-known Communist from Moscow of about 29 years of age.

Propaganda can be the only object of the Soviet Government in establishing these consulates at Bushire and Ahwaz. Bushire is particularly valuable as being a useful centre through which agents can be passed into India, and touch maintained with Bolshevik elements in Bombay. Ahwaz, being close to the oil-fields, is a useful centre for the dissemination of Bolshevik propaganda among the workmen of the fields.

Lianosov and Caspian Fisheries.

21. After the outbreak of the Russian revolution the firm of Lianosov, which had formerly been a paying concern, was unable to pay the royalties due to the

Persian Government, who thereupon cancelled the concession in 1919. On the Bolshevik invasion of Gilan in 1920, the Bolshevik authorities took over the concession, and on the evacuation of Gilan in the same year, the fisheries remained the subject of further discussion between the two Governments. MM. Lianosov attempted to obtain redress from the Persian Government, and in the summer of 1922 the matter was submitted to arbitrators who decided in favour of the firm, to whom the concession was restored. The Soviet Government objected on the grounds that by the terms of the Russo-Persian Treaty all concessions granted during the Tsarist régime had been cancelled.

22. During the year M. Lianosov, who was formerly opposed to the Soviet régime, is believed to have entered into an agreement with the Soviet authorities, as a result of which the Russian Government has demanded the return of the buildings on his behalf. In September 1923 a party of fifteen Russian soldiers was landed in Enzeli for the nominal purpose of protecting the fishery buildings. This, in conjunction with the Doman incident (see paragraph 342), caused considerable friction between the Russian and Persian Governments. A commission assembled to settle the Doman incident, but the Russian soldiers are still in Enzeli in possession of the fishery buildings.

Resht Robbery.

23. During the night of the 31st December, 1922-1st January, 1923, a number of non-confidential files, ledgers, and a private account book were robbed from the office of His Majesty's vice-consul at Resht. There was a strong suspicion, since confirmed, that the ultimate destination of the documents had been the Soviet consulate across the road, but no definite proof of this could be obtained. Steps were taken to improve the security of the vice-consulate.

Irak.

Ulama.

24. The undesirable results which ensued from the incursion into the Persian arena of the sons of two Shia divines of Irak in 1922 were described in the report for that year (paragraph 75). A similar incident on a much larger and more dangerous scale occurred in 1923, and exerted a far-reaching and maleficent influence on Anglo-Persian relations.

25. For a considerable time the Persian mujtahids at the Shia shrines had been mixing themselves up in Irak politics, in an anti-British sense especially, and had been a source of constant annoyance to King Feisal and his Government. In the spring of 1923 the attitude of some of the most prominent ones became actively seditious, and a fetwa was issued excommunicating all who participated in the forthcoming elections for the Constituent Assembly. Other activities, including incitement to riot and actual conspiracy against the Government were revealed and the Irak Government determined to take action. His Majesty's Minister had been warned some weeks previously by the High Commissioner at Bagdad that recourse to administrative action, *e.g.*, deportation, might become necessary, and he had at once telegraphed a strong protest against Persia being used as a dumping ground for these Shia ecclesiastics.

26. The Irak Government decided to deport the ringleader, Sheikh Mahdi-el-Khalisi, but, in deference to the warning of His Majesty's Minister, directed him towards the Hedjaz. Thereupon nine leading mujtahids and a band of satellites left Nejef for Kerbela in protest and declared an intention of taking refuge in Persia. The Irak Government, believing their real intention to be to proceed to Kadhmain and there to organise demonstrations in the immediate vicinity of Bagdad, took them at their word, and sent a fleet of motor cars to bring them to the Bagdad railway station, where they were invited to take their seats in a special train which had meanwhile been prepared to convey them to the Persian frontier. These incidents roused a storm of indignation in Persia; it was maintained that the ulama had been deported forcibly from Irak, that the British had thus offered a deadly insult to the heads of the Shia faith, that the arch-enemy of Islam had at length thrown off the mask and shown himself in his true colours. Attempts were made to close the bazaars and resort to other kinds of anti-British demonstrations all over the country, and the situation became extremely delicate. Fortunately, dissensions among the Tehran mujtahids and uncertainty as regards the attitude of the ulama of the "exodus" themselves, gave a breathing space, and the Persian Government made

an appreciable, though somewhat timid attempt to calm the agitation by putting it about that they would take the matter in hand themselves and vindicate the honour of the outraged priesthood. Both the Government and the Shah were seriously alarmed; they feared that the ulama might start issuing anti-British fetwas on Persian soil, in which case the Government felt itself unable to control religious feeling and likely to be driven out of office or forced into a definitely anti-British attitude. It need hardly be said that the Russians strained every nerve to twist the knife in the wound and to fan the anti-British feeling by every means at their disposal. The Persian Government appealed with the utmost earnestness to His Majesty's Minister to rescue them from this dilemma and to secure from the Irak Government the readmission of the ulama. The Irak Government, however, delighted at having been able to rid themselves of the incubus with so little trouble and being able to maintain that the exodus was voluntary, refused to entertain the idea of a return unless the ulama were prepared to retract publicly the anti-election fetwa and give binding guarantees for their future good behaviour. His Majesty's Minister suggested that the Irak Government should announce that the ulama were as free to return as they had been to leave, and that advantage should be taken of the offer which he had obtained from the Persian Government to keep them, nevertheless, for some months in Persia; he believed that in this way the Irak Government would secure the substance of what they wanted, by prolonging the absence of the ulama, while showing they were not afraid of their influence and putting themselves in a morally unassailable position. This solution would also have relieved the severe strain to which the incident had subjected Anglo-Persian relations, and thereby British interests in Persia generally. The Irak Government, however, felt unable to adopt this course, protesting that to readmit the ulama would be to sacrifice their own vital interests to those of British policy in Persia, and in the circumstances the High Commissioner did not feel justified in urging it on them, believing that if pressed the Government would resign and that none other would be found to replace it. He maintained this point of view in spite of the opinion expressed by the Secretary of State for the Colonies that there was no bar to the readmission of such ulama as were not guilty of any legal offence.

27. Having regard to the dangerous possibilities of the situation in Persia, His Majesty's Minister, with the authority of His Majesty's Government, proceeded to Bagdad by aeroplane on the 22nd July in order to see whether the whole matter could not be composed without injury to Irak interests and in such manner as to alleviate the situation in Persia. The fact of his departure and the wide publicity immediately accorded to it in itself eased the situation by creating a diversion, and, so to speak, enabled the Persian Government to catch up and thereafter to keep pace with it. The actual results of the visit were rather negative than positive, for the Minister encountered in an acute form the same difficulties which the previous correspondence had revealed. After a somewhat animated discussion in the palace at Bagdad between King Feisal, the High Commissioner, the Prime Minister of Irak (who was most uncompromising) and His Majesty's Minister, Sir Percy Loraine succeeded in obtaining a communication, which he was authorised to make orally to the Shah; its gist was that the Irak Government considered the question to be an Islamic one, which ought to be settled between the two Islamic States, without the intervention of third parties; the suggestion was made that the Shah should write personally to the King of Irak, who would reply that his Government would consider favourably the return of the ulama after the Constituent Assembly had met and completed its principal labours, and provided that the ulama behaved themselves properly meanwhile. Sir Percy Loraine was further given to understand in strict confidence that King Feisal would maintain contact through his own emissaries with the ulama in Persia, with the probable result that they would be allowed to filter back one by one on acceptable conditions and under some personal pact with the King. He was not, however, authorised to say anything about this to the Persian Government.

28. This communication, of course, fell very far short of what the Persians had hoped, and they were not slow in expressing their disappointment. His Majesty's Minister pointed out, however, that he had obtained considerably more from Bagdad than had appeared at all likely at the moment of his arrival there, and that, unless the Persians trod the road which had thus been opened for them, he was unable to give them any further assistance. In general, he tried to establish the idea of the purely Islamic character of the question, which disengaged British responsibility for the action which the Arab Government had taken on its own initiative and responsibility. His forecast, which proved to be pretty accurate, was that the ulama

of the exodus would remain tolerably quiet for fear of prejudicing their own chances of return to the enjoyment of their properties, homes and pecuniary pickings in Irak.

29. Some weeks remained to run of the months of mourning for the Shia Saints, a period during which religious feeling is worked up to a state of ecstatic fervour and becomes very sensitive. These weeks, however, passed without any serious incident, although hard words continued to be hurled at the British by the press and from the pulpit, and then the question passed the acute stage and gradually simmered down. The private negotiations between King Feisal and the ulama continued spasmodically, but without definite result. It transpired, however, in December that the ulama were seeking to impose on King Feisal, as a condition of their return, the adoption of an anti-British programme, including the withdrawal of the British advisers, and were representing that His Majesty was prepared to accept their demands. When the King was acquainted with this, he expressed great indignation at the wilful distortion of his intentions, and said that the revelation rendered the return of the ulama quite impossible for the time being.

30. It must be added in fairness to the Persian Government that, although no doubt anxious for their own reasons to be rid of the ulama, they did not show genuine anxiety as regards the evil effect which the incident might exert in their relations with Great Britain, and displayed more energy and resolution than is their wont in trying to discourage the spread of the agitation and to keep the ulama quiet and away from the capital.

General.

31. No perceptible progress was made in 1923 towards the recognition of the Irak Government by Persia. Even before the exodus of the ulama there were elements ready in Tehran to make full use of every opportunity for vilifying the present régime in Irak. A society of "High Representatives of Mesopotamia" was formed, under the leadership of the two young mujtahids mentioned in paragraph 75 of the annual report for 1922, who established connection with the Soviet Government in Moscow and its Legation in Tehran, with the Afghan Minister, with a number of Tehran newspaper editors, and with malcontents in Irak. They spent considerable sums in telegraphing to the Governments and press of foreign countries, and early in the year their pamphlets were read out in the Majlis and formed the subject of anti-British speeches. Their influence, however, would probably have been negligible if the ulama question had not brought grist to their mill.

32. Although the Persian local authorities in the provinces, especially at Kermanshah, were inclined to allow His Majesty's consular officers considerable latitude in dealing with cases in which Irakians were involved, the Irak authorities made it perfectly clear that they would brook no interference whatever in judicial matters by the Persian consuls stationed in Irak. In this respect, at least, the absence of official relations gave the Persians the worst of the bargain.

33. In February the Persian Government did at last produce the list of alleged cases of ill-treatment of Persians in Irak, for which they had been asked in the preceding October (see paragraph 113 of annual report, 1922). The list was a farrago of absurdities, and His Majesty's High Commissioner, to whom the matter was referred, furnished ample material for a crushing reply. The Persian Government did not return to the charge. One source of complaint had been the failure of the Irak authorities to assist the Persian consul-general in Bagdad in the noble task of restraining Persian women of loose character from shameful acts. In June the Irak Government gratified the Persian Government's wishes by deciding to deport to Persia all the Persian prostitutes found practising in Iraki brothels.

34. A draft agreement for the mutual surrender of criminals, embodying the Persian Government's own proposals, received the approval of the Irak Government, and was transmitted to Zoka-ul-Mulk, then Minister for Foreign Affairs, in March. A month later he promised to submit it to the Council of Ministers, but, although half-a-dozen reminders were addressed to the Persian Government on the subject during the year, they remained without reply.

35. Another question affecting the interests of both countries which came to the fore in 1923 owing to the outbreak of cholera in Irak, was the desirability of establishing close co-operation between the sanitary authorities of both countries for the control of epidemics. Proposals in regard thereto were made to the Persian Government in November, but up to the end of the year no reply had been received.

36. In all these matters a *modus vivendi* could undoubtedly be reached without

explicit recognition of the Irak Government by Persia, and His Majesty's Minister has lost no opportunity of pointing this out to the Persian Government. Towards the end of the year signs were not lacking that his efforts might begin to bear fruit.

Kurdistan.

37. The unfortunate experiment of reinstating Sheikh Mahmud in Sulaimani in the autumn of 1922, which at no time tended to increase the Irak Government's control over Southern Kurdistan, had immediate reactions on the Persian side of the frontier. He lost no time in endeavouring to extend his influence among the Persian Kurds, and in January 1923 he received Simko at Sulaimani with open arms. The Persian Government, who had failed to induce Simko to return to Persia by sending him an announcement of pardon, professed to believe that the Irak authorities were providing him with arms and assisting him to raise tribal forces, while the rumours which they received of the movements of his former henchman, Sayyid Taha, who was being employed against Euz Demir's Turks at Rowanduz, served but to increase their alarm. In order to allay the Persian Government's suspicions and to avoid an unprofitable controversy over Kurdish affairs, His Majesty's Minister proposed early in January that a senior Persian officer should go to Bagdad and establish liaison with the British military authorities. The proposal was accepted by His Majesty's High Commissioner, but the Persian Government, stating that they were satisfied with the explanations given by His Majesty's Minister, though doubtless with an eye on the recognition question, refused.

38. As the year progressed, Simko passed out of the picture, having come to terms with the Turks and transferred his centre of activities once more to the Turkish frontier north-west of Urumia. Sayyid Taha, however, swore allegiance to the Irak Government, and on the eviction of the Turks from Rowanduz at the end of April he arrived there with an escort of Assyrian levies, and was established as *kaïmakam*. Distorted rumours of this movement gave the Persian Government an excuse for a further display of nervousness, and up to the end of the year they had not become reconciled to Sayyid Taha's new position. They would only grant him a pardon if he left Irak to reside in Tabriz, and permission for his followers to cross the Persian frontier on their lawful occasions was made conditional on his doing so. At the request of the High Commissioner, His Majesty's Minister did his best to prevent the Persian Government from confiscating Sayyid Taha's properties near Urumia, apparently with success.

39. Sheikh Mahmud continued throughout the year to be a source of disturbance on both sides of the frontier. In May, after his ejection from Sulaimani, he took refuge with the Avroman in Persian territory, whither Serdar Rashid, then a fugitive from the Persian troops, also repaired. On Sheikh Mahmud's return to Sulaimani in July, Serdar Rashid accompanied him for a time, and attempted, without success, to establish contact with the Irak authorities. Unable to form an Administration in Sulaimani without the assistance of imperial troops, the Irak Government contented themselves with detaching outlying areas from Sheikh Mahmud's jurisdiction. In pursuit of this policy they were supporting a friendly section of the Pizdher tribesmen, occupying territory close to the Persian frontier near Serdasht. Early in September the Persian Officer Commanding at Serdasht arrested certain Pizdher Aghas of the opposing pro-Sheikh Mahmud faction, an act which commended itself greatly to the Irak Government. In the absence of effective liaison between the Persian and Irak authorities, His Majesty's Minister had already endeavoured to guide the Minister for War along a suitable line of policy towards these tribesmen, and Serdar Sepah did not prove unresponsive to his suggestion that the captive Aghas had best remain where they were.

40. Direct co-operation would undoubtedly diminish the difficulties of both the Irak and Persian Governments in Kurdistan, and would also lighten the task of His Majesty's Legation, which is, at present, in this as in other respects, the sole intermediary between them.

United States of America.

41. Persia's relations with the United States of America have assumed, during 1923, a greater significance than at any previous period. The two chief factors in this expansion of interest have been—

- (a.) The financial advisers.
- (b.) Oil.

42. The work of Dr. Millspaugh and his assistants is referred to in several other parts of this report, notably paragraphs 95-101, and it will suffice to remark here that if the Persians expected a miraculous flow of dollars to ensue from their arrival, they at least have fostered no such illusions, but have emphasised at every turn the hard fact that there are no short cuts to financial regeneration.

43. Although the American advisers have given them little encouragement, many Persians cling desperately to the idea that somewhere across the Atlantic dwells the amiable milch-cow of their dreams. To lure her they descant upon the richness of Persia's natural undeveloped resources, beginning with the reputed oil deposits of the five northern provinces. This bait has not proved unattractive, and in paragraphs 204-207 is shown the extent to which American companies have become involved in the Northern Oil Concession. But in spite of this partial success, the valiant efforts of the Persian Minister in Washington have, so far as can be seen, hitherto failed to inspire any real interest or confidence in an investing public which, so long as it can draw 7 per cent. and more from American municipal bonds, is not likely to risk its capital in doubtful Near Eastern ventures.

44. In December His Majesty's Legation was reliably informed that American construction companies were about to investigate, at the invitation of the Prime Minister, the possibilities of participation in Persian railway projects. By the end of the year, however, nothing further had occurred in this connection.

45. Dr. Kornfeld continues to conduct the affairs of the United States Legation. Another year of Persian obliquity has not encouraged his idealism; President Harding, his friend and patron, is dead; the rivalry of oil companies has dragged him willy-nilly into political turmoil and intrigues; while it is plain that the advisers, whose names are in most cases a sufficient indication of their Anglo-Saxon origin, are not too proud of the Hebraic, Slavonic and Teutonic features displayed by their Legation.

Consular Representation.

46. United States citizens in Persia may be divided into three main classes:—

- (1.) Missionaries and Near East relief officials.
- (2.) Local managers of American carpet firms—mostly Armenian by origin.
- (3.) Drillers employed by the Anglo-Persian Oil Company.

47. Members of all three classes have applied to His Majesty's consular officers for their good offices, but the United States Legation in Tehran has been at the greatest pains to avoid wherever possible any British intervention in American affairs. Thus, during 1923, the secretary of that Legation journeyed both to Hamadan and to Sultanabad in order to settle cases involving United States citizens, while the military attaché and the consul were sent, at no small expense, from Tehran to Ahwaz for the purpose of dispensing American justice to a driller who had assaulted and nearly killed one of his companions. This voyage, as well as the visit paid by the same pair to Mazanderan at the end of the year, ostensibly in connection with a commercial case at Barferush, were undoubtedly taken with the further object of collecting commercial intelligence, especially in regard to oil prospects and cotton-growing—subjects in which the Americans naturally evince the keenest interest.

48. There have been rumours of the despatch of United States consuls both to Tabriz and to Bushire, but up to the end of the year nothing definite had occurred. In this connection the views of Mr. Tredwell, American consul-general, inspector for Middle Asia and Africa, who visited Persia during the year, will presumably carry weight with the State Department. He is understood to have reported that the reappointment of a United States consul to Tabriz, which had apparently been projected, is unnecessary.

Turkey.

General.

49. The prospect of a Turkish Ambassador's arrival in Tehran was embarrassing both to the Shah's Government and to the representatives of the Allied Powers; to the former, because it was by no means clear from whom his letters of credence would originate, and to the latter because, although their Governments were still in a technical state of war with his, and had not yet resumed diplomatic relations, he would presumably claim the decanate of the Diplomatic Corps. In both cases it devolved upon His Majesty's Minister to point the way to a solution. He was able

to inform the Shah confidentially that Muhieddin Pasha's letters of credence were signed by Mustafa Kemal Pasha on behalf of the Grand National Assembly, and contained no mention of the Caliph, whereupon the speech prepared for delivery by His Imperial Majesty on the occasion of their presentation was carefully modified so as to avoid all mention of either the Ghazi or the Assembly. Steps were taken to ensure that the representatives of the Allies should receive from their Governments identic instructions in regard to their attitude towards the new Ambassador, the American and German representatives were brought into line, and when in February Muhieddin Pasha arrived, the suggestion was conveyed to him through the German Minister that he should himself ask to be received separately by the Shah at the No Rouz, apart from the rest of the Diplomatic Corps. On this suggestion he acted, and an arrangement satisfactory to everyone appeared to have been reached. At the eleventh hour the Russian Chargé d'Affaires upset it by refusing to be parted from the Ambassador, and in consequence a pitched diplomatic battle took place at the palace on the morning of the reception, during which His Majesty's Minister, with the support of his other colleagues, compelled the Persian authorities to stiffen their backs against M. Shumyatski's pretension, with the result that each of the foreign representatives was finally accorded a separate audience, in the usual order of seniority.

50. Since the signature of the Lausanne Treaty His Majesty's Minister has established friendly personal relations with the Turkish Ambassador, who never hesitates to express his hearty contempt for all things Persian. Indeed, despite the pan-Islamic mouthings of a certain section of the Tehran press and politicians, there is no love lost between Persian and Turk. The ill-treatment of Persians in Turkey, the Turkish occupation of Bulak-Bashi, the gulf that exists between Shia and Sunni and the shadow of pan-Turanian irredentism in Persian Azerbaijan have all contributed to the Persians' mistrust of their neighbours, while the Persian Government, in failing to accredit their Ambassador personally to Mustafa Kemal, or to listen to Turkish schemes for an alliance, or to facilitate Turkish forays into Southern Kurdistan, have given no cause of satisfaction to the Angora Turks. It is true that Serdar Sepah entertains a great personal admiration for the Turkish leader, and may perhaps intend to emulate his dictatorial achievements, but there has thus far been no sign of any subordination of Persian policy to that of Turkey.

Caliphate.

51. Religious sentiment in Persia has been unmoved by the manœuvres of the Angora Turks in regard to the Caliphate. The great majority of Persians belong to the Shia sect, which considers that the Caliphate is the exclusive right of Ali and his descendants the twelve Imams, and therefore regards the Ottoman Caliphs as usurpers. Political interest formerly taken in the Sultan, as Sovereign of a neighbouring Moslem State, is now diverted to Mustafa Kemal and the Grand National Assembly; the Persian Ambassador to Turkey is not accredited to and has no official relations with the Caliph.

Passage of Turks through Persia to Irak.

52. At the beginning of the year 1923, while the Turkish forces were still in possession of the Rowanduz area, reports received from various sources made it plain that the Turkish staff intended to use the route through Persia via Urumia and the passes leading east from Rowanduz into Persian territory in order to reinforce their troops in the Rowanduz area. The reason for this was that the passes leading north from Rowanduz directly into Turkish territory are blocked by snow during the winter and early spring. Isolated small detachments of Turkish troops, for the most part escorting loads of ammunition, used this route for passage from Turkish territory to Rowanduz. Reports were also received of intrigues between Persian officers commanding Persian frontier garrisons, the officer commanding the North-West (Tabriz) Division, and Euz Demir, the leader of the Turkish forces in the Rowanduz area. Representations were made to the Persian Government, who denied the passage of any Turkish troops through their territory, and by the orders of the War Minister strong Persian detachments were posted to prevent the entry of any Turkish troops into Persia.

53. At the end of March, Simko, the Persian rebel, had joined Euz Demir at Rowanduz. The strength of the Turkish troops in this area was 300; Sheikh Mahmud was also present in the area with a considerable following. Preparations had been

made by air headquarters at Bagdad for a column operating from Erbil to act against Rowanduz with the object of reoccupying the town and of driving the Turks out of Irak territory. It was foreseen that the Turkish commander, being deprived by snow of the use of the passes leading north from Rowanduz, would attempt to utilise Persian territory as a line of retreat via the Kelishin Gedik and Rayat passes. At the request of air headquarters representations were made to Reza Khan, the War Minister, who promised to arrest and disarm any Turks entering Persian territory.

54. Events turned out as had been foreseen; Rowanduz was occupied by British forces on the 22nd April; Euz Demir with his troops retired into Persian territory, were duly disarmed by the Persian military authorities and passed out again via Urumia-Khoi into Turkish territory. Sheikh Mahmud also fled just across the Persian frontier into the Avroman Dagh. Simko retired into Turkish territory, and is now in the neighbourhood of Salmanis, close to the Persian frontier east of Van.

Japan.

55. The general supervision of Japanese interests in Persia, which are chiefly of a commercial nature, was in the hands of His Majesty's Legation at the time of the arrival of a Japanese economic mission to Persia at the beginning of December.

56. The latter consisted of Mr. Eishiro Nuida, a Japanese consul-general who had previously been attached to the Japanese Embassy at Washington, with a staff of five commercial and economic experts who are believed to have been sent to study the best means of reviving and increasing Japanese trade in the Near East, and in particular in Persia. The latter consists of piece-goods, cheap glass and miscellaneous articles chiefly copied from European goods during the war, and also of the export of large quantities of opium from the Persian Gulf ports to Vladivostok and the Far East. The opium trade is largely in the hands of Japanese or Persian merchants and there is no doubt that the Japanese Government would like to see the opium carried entirely in Japanese bottoms, of which an increasing number are visiting the Persian Gulf yearly, although they cannot yet be said to be competing seriously with the steamers of established British companies for other cargoes.

57. During the year a case arose between the Legation and the Persian Government in which a Persian subject named Hajji Mehdi claimed to have identified a consignment of opium bought by him on behalf of the Mitsui Company of Bombay, which had been stolen and, he maintained, was being transported to Bushire by another Parsi firm named Javid. The opium was handed over to the Imperial Bank of Persia by the local authorities at Shiraz for safe keeping, and the Legation demanded the establishment of an impartial tribunal to judge its ownership. The Persian Government, however, procrastinated on the ground that the foreign ownership of the opium had not been established, and finally denied the right of Japanese nationals to receive most-favoured-nation treatment in Persia. As the Japanese negotiations with Persia for a commercial treaty broke down some years ago over this question, the Japanese Government was consulted and replied that it adhered to these rights. No decision of the case had been reached by the end of the year, although the Governor-General of Fars had received orders from the Persian Government, at the request of the Legation, to establish the requisite tribunal composed of impartial local notables agreeable to both sides and to the British consul, for the settlement of the claim.

58. It has been ascertained that the Japanese mission is studying the question of political and commercial treaties between Persia and foreign countries, and it may therefore be assumed that the question of the rights of Japanese nationals, especially in so far as the extremely lucrative opium trade is concerned, is being discussed between the Persian Foreign Office and the Japanese mission.

59. The mission is due to leave Persia in the spring of 1924, but it is stated that a Japanese consulate will be established in Tehran as soon as possible.

Belgium.

60. The development of Belgian trade with Persia, especially in cotton goods, was pursued as energetically as possibly by the Belgian Chargé d'Affaires, M. Polain, and the readiness of Belgian manufacturers to copy samples and to supply small quantities of cloth at wholesale prices in the hope of securing repeat orders, as well as the low prices prevailing in Belgium, resulted in the loss of a certain amount of trade to Great Britain, especially in Tabriz.

61. The Belgian Government was also concerned, as stated in the last report, with the protection of the rights of its subjects employed in the postal and customs administrations. The relations between the latter and the American financial advisers were on several occasions far from cordial owing to the strict adherence of Dr. Millspaugh to the law passed by the Majlis governing the contracts of all foreign subjects in the employ of the Persian Government and to his insistence on the payment of all expenses connected with the administration of these departments by the central Treasury at Tehran only.

62. Owing to the consequent failure of the provincial administrations to meet their obligations, such as the payment of contractors, punctually, instances occurred in which the postal service in particular was temporarily interrupted, and a certain amount of friction occurred between the American advisers and the Belgian employees, leading to representations on the part of the Belgian Legation.

63. Towards the end of the year the Belgian Chargé d'Affaires left Tehran on the appointment of a new Belgian Minister, who has, however, not yet arrived. Belgian affairs are temporarily in the hands of the Italian Legation.

Germany.

64. In January the German Legation was once more able to boast a Minister, after an interregnum of over seven years since the departure of Prince Henry XXXI of Reuss.

65. Count Schulenburg's appointment has coincided with a distinct revival of relations between Germany and Persia. There is always room and welcome in the Persian field for those who are not directly involved in the eternal Anglo-Russian tug-of-war, and the Germans have not been slow to take advantage of the fact, so far as the condition of their country permits. As examples of their efforts may be mentioned the activity displayed by German traders in North Persia (see paragraph 239); the importation from Germany via Russia of considerable quantities of arms, to the order of the Persian Ministry of War; the assignment by that Ministry to a German firm of a contract for thirty motor-lorries; the engagement of a German colonel to supervise the construction of an arms factory for the Persian army; and the purchase in Germany of new machinery for a Government printing press.

66. Since the value of the mark has not fallen with sufficient speed in relation to the kran to keep pace with the rise in the cost of living in Germany, that country is no longer regarded as a paradise of cheap education by needy Persian scholars, a number of whom have, in fact, been completely stranded there; in addition, lack of funds and the objections of His Majesty's Government have hitherto prevented the reopening of the German school in Tehran, and conditions have, therefore, been distinctly unfavourable to the spread of German cultural propaganda among the Persians.

67. So far as can be judged, the German Minister has been faithful to his promise to keep clear of political matters.

Afghanistan.

68. A treaty governing the general relations between Persia and Afghanistan, which had been discussed intermittently since January 1921, was ratified at Kabul on the 7th September, 1923. The main provisions of the treaty are:—

- (1) Subjects of each country residing in the other are amenable to the jurisdiction of the latter's courts, without any special exemptions or privileges.
- (2) Tribes, such as the Hazaras, who formerly emigrated from Afghanistan to Persia, are to be treated as Persian subjects.
- (3) Frontier tribes making seasonal migrations between Persia and Afghanistan are to be treated during their temporary sojourn in either country as subjects of that country.
- (4) A clause provides for the mutual extradition of criminals, political offenders being expressly excluded from its operation.
- (5) All disputes between the two countries which cannot be settled by direct negotiation are to be referred to arbitration "in accordance with international rules and customs."
- (6) Each country pledges itself to remain neutral should the other become involved in war with a third party.

69. When, towards the end of the year, His Majesty's Government insisted that the Afghan Government should fulfil its obligations in rounding up the assassins of British officers murdered near the Afghan frontier, a certain section of the Persian press, and men like the notorious Khalissi Zadeh, beat loudly upon the pan-Islamic drum, but otherwise no very obvious signs of Perso-Afghan solidarity have been observable.

Hedjaz.

70. King Hussein of the Hedjaz in 1922 refused to accept the Persian consul at Jeddah officially until he had himself been recognised by the Persian Government. Matters were arranged during the Hajj season of that year through the mediation of the British agent at Jeddah, in whose office the secretary of the Persian consulate received Persian pilgrims. In 1923, however, King Hussein appears to have modified his attitude to some extent, since, according to information received from the Persian Ministry for Foreign Affairs, the fresh Persian consul, who was despatched to Jeddah in May, bearing a letter from that Ministry to the corresponding department of the Hashimite Government, was very well received by the Hedjaz authorities, and was able to fulfil his duties without difficulty.

71. The Persian Government have continued to temporise in regard to the official recognition of King Hussein's Government, and their hesitation in this respect has possibly been increased by the representations of the Turkish Ambassador, who is reported to have been instructed to place every obstacle in the way of relations between the two Governments.

Sweden and Norway.

72. By the end of the year all but one of the Swedish gendarmerie and police officers in Persian service had received notice of dismissal, and the remaining officer's prospects of further employment were doubtful. His Majesty's Legation was instrumental in settling the affairs and arranging for the departure of some of those who, although they had long since left the Persian service, had remained in Tehran in the hope of extracting from the Persian Government certain sums due to them, and were consequently in financial difficulties.

73. In December, Mr. Fairley, representative of the Anglo-Persian Oil Company in Tehran, took charge of the Swedish consulate-general, while shortly afterwards the Norwegian Government proposed to confide the care of their consulate-general to Mr. Matthews, assistant superintendent of the Tehran office of the Indo-European Telegraph Company.

III.—CAPITULATIONS.

The New Protocol.

74. In January the Persian Government communicated a revised text of the protocol for the reception of foreign representatives, the negotiation of which was recorded in last year's report. As this failed to include some of the amendments demanded by the Legations, further representations were made, with satisfactory results, the most important outstanding desideratum—the power of a representative to seek a private audience of the Shah without recourse to the Ministry for Foreign Affairs—being, however, only yielded orally by the Prime Minister. The Persian Government distributed to the Legations printed copies of the protocol, which the Legations sent to their Governments, with their recommendations of acceptance, in April. His Majesty's Government raised three objections to the text: (1) it did not lay down that uniform was to be worn at the first official reception of the representative by the Shah; (2) it did not limit the interval which might elapse between the representative's arrival and his reception; (3) it did not cover the point regarding private audiences above mentioned. His Majesty's Minister replied explaining why these points had been omitted, and His Majesty's Government dropped the first objection, but maintained the other two; as regards the last, they would be satisfied with a letter from the new Prime Minister in the sense of his predecessor's oral statement. After consultation with his colleagues, His Majesty's Minister accordingly made fresh representations to the Persian Government, in which, however, he was deprived of any active support from his colleagues because their Governments apparently took but a scant interest in the matter; the Italian Government had already signified its acceptance of the protocol and the French Government

had authorised its representative to do so. The Persian Government displayed a strong reluctance to make any alteration in their printed text, and at the end of the year the Minister's constant pressure had not yet been successful.

Treaty of Turkomanchai.

75. In the report for 1922 mention was made of the Persian Government's attempt to base the revision of the protocol for the reception of foreign representatives at the Court of Tehran on the abrogation of the Treaty of Turkomanchai. At the end of the same year the Legation was engaged in an endeavour to obtain from the Customs Department recognition of the right of its clerical staff to exemption from customs duty in the same way as diplomatic and consular officers. The Customs Department argued that this was a matter for reciprocal arrangement, while the Legation replied, under instructions from the Foreign Office, that it was not a matter of reciprocity, but a right enjoyed under the Treaty of Turkomanchai. The Customs was instructed by the Persian Government to reply that the treaty had been abrogated by the Russo-Persian Treaty of 1921, and that, even if it had not been, it did not give the right absolutely, but on condition of reciprocity. This last contention was true, and, as His Majesty's Government only grant exemption from duty to heads of missions, it was decided in March 1923 not to press for its extension in Persia to the clerical staff. The particular point at issue was thus settled, but it appeared to His Majesty's Minister that it would be unwise to leave unchallenged the Persian Government's assertion of the lapse of rights enjoyed under the Treaty of Turkomanchai, and he accordingly proposed to address a note to that Government asserting the continued validity of the treaty in so far as concerned British rights derived therefrom. Correspondence on the subject ensued with the Foreign Office, who, in a despatch dated the 2nd July, 1923, expressed the view that "it would be wrong to base any claim on the supposed continuance in force of the Treaty of Turkomanchai, and the case of His Majesty's Government for capitulatory rights must rest upon the rights conceded by treaty to various other Powers, such as France and Germany, and upon definite concessions granted to His Majesty's Government, or upon usage."

76. The difficulty is that none of these other treaties define the extraterritorial rights of jurisdiction in criminal cases, as did the Turkomanchai Treaty, but merely stipulate for most-favoured-nation treatment; and that there are no adequate precedents on record to prove right by usage. His Majesty's Minister has explained this difficulty in a despatch dated the 12th December, and at the same time the Foreign Office was discussing the question with the legal expert of the French Ministry for Foreign Affairs. The Belgian Government has expressed to His Majesty's Government its reluctance to raise the question for fear lest Persia should denounce her treaty with Belgium, which is not a perpetual treaty like that between Persia and France, and its opinion that the latter treaty contains all the necessary provisions. The Minister has pointed out that the French treaty only provides for most-favoured-nation treatment in the matter of criminal jurisdiction.

Taxation of Foreigners.

77. The question as regards the rights of foreign subjects, enjoying certain privileges of a capitulatory nature, to be exempt from taxation has formed the subject of many representations to the Persian Government during 1923. The efforts of the American financial advisers to find new sources of revenue, either for national or for local purposes, had to a great extent brought this question to the fore. It has been somewhat confused owing to there being no hard and fast delimitation to the headings under which the taxes fall, *i.e.*, whether they are national taxes, or whether they are municipal or local taxes.

78. It has been for some years the general view of His Majesty's Government that both the fiscal system and the military forces created for the enforcement of internal security needed reforms and some authoritative tribunal needed to be established to deal with the question of taxation of foreign subjects before the general principle that they were liable to contribute to the upkeep of the State could be conceded. When such reforms as are mentioned above had been carried out, His Majesty's Government would be willing to examine each particular tax on its own merits, but it would at the same time be obligatory on the Persian Government to give the necessary guarantees that the money so collected should be spent for the purpose for which the tax was levied.

79. During the past few years the Persian Government have used their efforts

to bring foreign subjects on to the same footing as Persian subjects as regards the payment of such municipal taxes as "Navakil" or town gate tax, "Mustakilat" or house rent tax, taxes on motor-cars or carriages in town and a host of other small taxes, not amounting to a large sum in each case, but forming in the aggregate a fairly large income for the Government. This state of affairs became so general that in June 1922 a collective note from the foreign representatives in Tehran was addressed to the Persian Government, inviting the latter to discuss the general question. This note remained without any reply up to the end of December 1923, although His Majesty's Minister was informed verbally on a few occasions that a reply was being prepared, as he was also informed that the American financial adviser was preparing a municipal law for presentation to the Majlis.

80. Apart from the question whether foreign subjects are liable to these taxes or not, or may in view of certain reforms made become liable thereto hereafter, the levy of many of these taxes is illegal as no law has ever been passed by the Majlis to legalise them. The Persian Government, however, continue to levy them, and many foreign subjects find it more convenient to pay and have peace than to fight for their rights.

81. Certain other taxes which cannot be described as municipal taxes are likewise being levied on goods or on animals transporting goods over the roads from the ports or frontiers to the interior. This is especially the case on the southern and western roads, where principally British goods are carried. Such illegal levies lay an extra charge on these goods, which merchandise coming from the north escapes, and so militate against British goods in particular; moreover, these charges are contrary to the Anglo-Persian Trade Agreement of 1920.

82. All efforts to bring the Persian Government to a discussion of these charges have so far proved fruitless, but it is a question of great importance for the protection of British interests in general and British trade in particular. His Majesty's Minister has reason to believe that the matter is occupying the attention of the American financial adviser, and it is hoped that when the municipal law is drafted and has received parliamentary sanction, it may be possible to discuss and arrange the matter with the Persian Government.

Road Tolls.

83. The Persian Government continued in spite of the protests of the Legation to levy tolls on all transport passing along the main trade routes of Persia. British treaty rights specify that tolls shall only be levied after the entire length of each particular road has been rendered carrossable, whereas such was not the case with the Bushire-Shiraz and Isfahan-Yezd roads. The Meshed-Duzdap road, which was originally built by the British East Persia force in 1919, had also been allowed to deteriorate to such an extent that parts of it were impassable for motor traffic and difficult for horse-drawn vehicles to use. The American advisers appear, however, to have been desirous of raising revenue for the repair of the Tehran-Resht and Kazvin-Khanikin roads in particular, and at the same time to have had in view the upkeep of the other roads so far as their revenues permitted. Acting probably on their advice, the Persian Government therefore continued to levy tolls on all the roads mentioned above. As an important section of the Bushire-Shiraz road in particular is fit only for animal traffic and is entirely blocked to wheel traffic, both by the precipitous passes and by the marshy Mashila outside Bushire, His Majesty's Legation was led to protest vigorously against this imposition amounting to £2 per ton on merchandise between Bushire and Shiraz. Although the tolls were not removed there is reason for supposing that these protests were not in vain, as a Director of Road Guards was appointed who has almost entirely suppressed illegal levy of such taxes as "Alafi" and "Rahdari," thereby considerably easing the burden imposed on British trade. The desire of the Minister of War to use this road for the transport of munitions also resulted at the end of the year in the despatch of the American adviser to the Ministry of Public Works, himself a trained engineer, to Bushire via Shiraz, with the avowed object of repairing the road and making it fit for wheeled transport.

Owing to the extreme steepness of the mountain passes and to the limited funds at Mr. Mitchell's disposal, it may be doubted whether he will open a carrossable road for some time to come; but his report on actual conditions may result in the Persian Government devoting more money to road construction between Bushire and Shiraz than has hitherto been devoted to this object, with a corresponding benefit to British interests, in whose hands the majority of the trade of South Persia lies.

84. The case of the Meshed-Duzdap road is similar in that the road tolls have been removed, but a definite promise had been obtained by the end of the year from the Minister of Public Works that a sum of not less than 100,000 tomans should be allotted to the repair and upkeep of this road and that the Persian engineer in charge of the road, who had received his training in Switzerland and had been sent to Meshed as a result of the Legation's protests against the state of the road, would be instructed at once to make a complete plan of repair and reconstruction extending over a period of five years for submission to His Majesty's consul-general at Meshed.

85. There can be no doubt that these tolls are unjustified and burdensome to trade so long as the Persian Government do not undertake and complete the roads along which the trade of the country must necessarily move; and the burden falls principally on British trade which uses the longer southern route to reach the capital. Signs are not, however, lacking that the Persian Government are endeavouring under the tutelage of the American advisers to set their house in order in this respect and the temporary payment of tolls by British subjects under protest together with the maintenance of steady pressure on the Persian Government in the matter of road construction and repair appears to be the only practical expedient for assisting British interests in view of the undoubted lack of funds from which the Ministry of Public Works is suffering. The question of which comes first, the construction of a road, or the payment of tolls, somewhat resembles the more ancient one of the chicken and the egg.

Succession States.

86. Being in charge of the interests of some of the new European States, such as Czechoslovakia and Esthonia, His Majesty's Legation has been confronted by the refusal of the Persian Government to admit that the citizens of such States are entitled to the capitulatory privileges enjoyed by their parent States, since the new States have as yet concluded no treaties with Persia conferring those privileges. This has been brought to the notice of the Governments concerned. The Czechoslovak Legation in London has been instructed by its Government to take up the matter with the Persian Legation there. Meanwhile, His Majesty's Minister does his best to protect the individuals concerned.

Japan.

87. As long as ten years ago abortive negotiations took place between Persia and Japan with a view to the conclusion of a treaty. Recently these conversations were renewed by their respective representatives in Rome, but were apparently shipwrecked on the rock of the Capitulations; the Japanese insisting on the treatment enjoyed by European and American States, and the Persians being reluctant to accord it. A Japanese mission, to study economic and general conditions in Persia, arrived in December at Tehran, and further developments of the question will no doubt largely depend on its report to the Japanese Government. Meanwhile, His Majesty's Minister, being in charge of Japanese interests, has met with the same difficulty as in the case of the succession States in connection with Japanese purchases of Persian opium.

IV.—INTERNAL AFFAIRS.

Financial Situation.

88. The financial situation of Persia during 1923 shows a marked improvement as compared with that in 1922. The year 1922, however, following the withdrawal of the British troops from Persia in 1921, was in every respect a disastrous year.

89. The improvement was mainly due to the opium trade, for in the season of 1923 exports were on a very large scale and high prices were obtained. This business was chiefly financed locally, and large credit facilities in the shape of loans and advances were granted by the Imperial Bank of Persia. These amounted to some £300,000 to £400,000, out of a total credit of about £1,000,000 for other trade purposes. In addition to opium Persia has, thanks to the reopening of the Russian markets, derived considerable benefit from the export of cotton and wool to Russia. Russian commercial activity in North Persia, although conducted on lines which would not be tolerated in civilised countries, has greatly contributed to the improvement of conditions in the north, especially in the provinces of Khorasan and Mazanderan.

Carpets again found a good market in 1923, and there is no sign of any decrease in the American demand. Another great asset of Persia, the oil-fields of Arabistan, continued to render very satisfactory results, and the expenditure in the country of the Anglo-Persian Oil Company amounted to between 300,000 and 400,000 toman per month.

90. The import trade, on the other hand, especially as regards British goods, has fallen off considerably. German firms have recently established themselves in North Persia, and their competition is severely felt, as they can send their merchandise in transit through Russia. In spite of the satisfactory trade results so far as exports are concerned, Persia has not as yet improved her financial strength, and it has not been found necessary to import bullion. On the other hand, silver continues to go out of the country, chiefly from Khorasan to Afghanistan; a large percentage however, returns to Persia through Baluchistan and the Persian Gulf, and this explains why the leakage has not affected the financial strength of the country to any great extent. If, however, the opium, cotton and wool seasons for 1924 are as good as they were in 1923, and the import trade continues to be restricted, it will be necessary to import bar silver.

91. One of the great troubles of Persia is the question of currency. A large portion of the coin in circulation is defective, being light weight, cracked or holed. The amount of defective coin in circulation is estimated at about 2,000,000 toman out of a total coin circulation believed to be about 20,000,000 toman. The question of withdrawing this defective coin and reminting it is now under discussion between the Persian Government and the Imperial Bank of Persia.

92. Exchange, which at the beginning of 1923 was about 51½ kran to the £, suffered a severe drop, and at the end of the year the rate touched 45 to the £. This is accounted for by the large exports and reduced imports. The price of silver, which has remained at a high level, has also contributed to keep the rate down.

93. During 1923 the advances made by the Imperial Bank of Persia to the Persian Government amounted to some £1,115,000 against the security of the oil royalties. These advances were utilised by the Persian Government chiefly for the payment of arrears. It is hoped that, with a practically balanced budget, the current expenditure in future will be covered by the ordinary revenue, and that further advances, except in the nature of temporary overdrafts, will not be required.

94. The loan of 1 million dollars, secured from American sources in 1922 (see paragraph 123 of the 1922 report) has been repaid out of the Anglo-Persian Oil Company royalties.

95. Great strides have been made in the administration of the finances of the country since the arrival of Dr. Millspaugh and his assistant advisers. The progress has been so rapid that they have almost reached a state of being able to pay their way without assistance from the bank. It is, of course, not sufficient that they should merely be able to pay their way in a country like Persia, where so much remains to be done in the way of internal development, but it must be admitted that Dr. Millspaugh deserves great credit for the way in which he has tackled his job, and for the satisfactory results so far achieved, in spite of great opposition among Persians both inside and outside Government circles. The opposition has now appreciably diminished and if, as is anticipated, his fifth quarterly report is more favourable than any yet issued, it may become negligible. This degree of success would not have been possible without the influential assistance of Serdar Sepah, which has rendered possible the collection of revenues, both arrears and current, in districts where former Governments had no power to enforce the payment of taxes. Every part of the kingdom has now been brought under the control of the Central Government, and taxes are being regularly paid into the Treasury for many districts where, in former years, not only did nothing reach the Treasury, but large sums had to be disbursed by the Government. It must also be added that the sympathetic attitude of His Majesty's Government towards these efforts at reform, has very much helped to keep the ring and enormously diminished the risk of their being retarded or stultified by outside complications.

96. It will thus be seen that the financial anxieties so oppressive in 1922, a compact description of which will be found in paragraphs 27-29 of the annual report for that year, had mostly disappeared in 1923, although a fair degree of financial stringency continued. It seems probable that 1923 will prove to have been a most important turning-point in the history of modern Persia's finances, and it may be described as the first year of steady financial reform, retrenchment, and nascent recuperation.

97. It may be added, and it is satisfactory to note, that, in 1923, the previous feeling of hostility towards the Imperial Bank of Persia completely died away; nay more, the services which the bank has rendered in aiding the financial recuperation are freely acknowledged by the American advisers.

98. The question of Persia's indebtedness to His Majesty's Government (see paragraph 124 of 1922 report) made no tangible progress during 1923. Throughout the year His Majesty's Minister continued his representations to the Persian Government, both oral and written, but failed to secure any reply. Besides dwelling on the British interest involved in the repayment of the various loans and advances involved, he lost no occasion of impressing on the Persian Government the serious injury entailed to their external credit, not only by their failure to meet their obligations, but still more by their apparently insuperable reluctance even to deal with the matter. The discourtesy of their omission to reply to these repeated representations was also dwelt on in Tehran, and was pointed out forcibly to the Persian Minister in London. Although, as stated above, no tangible result was achieved, indications were not lacking at the end of the year that the representations had produced some effect on the Persian Government, who were slowly realising that the question would have to be faced sooner or later.

99. It is difficult to deal with the activities of the American advisers, more than has already been done in the preceding paragraphs, without entering into a mass of detail which would not find an appropriate place in the present report. Students of the subject should be referred to Dr. Millspaugh's third quarterly report, copy of which was forwarded and commented on by His Majesty's Minister in his despatch No. 443 of the 4th October, 1923.

100. As regards the budget provision, there is no doubt that the percentage of expenditure of State revenues devoted to the maintenance of the national army is very considerable. Taking into account, however, the fact that this large expenditure has achieved its object of assuring international tranquillity and security, and of permitting and facilitating the collection of revenue in a far more punctual, ample and regular manner than has heretofore been possible, the criticism that its amount is an altogether disproportionate element of the total State expenditure is difficult to substantiate effectively. It is doubtful whether the existing force could have been maintained, or a small force rendered equally effective and efficient at less expense.

101. A budget which balanced on paper was prepared by the Americans and passed by the Majlis before its dissolution. It has been adhered to with an almost savage severity, and to the detriment of quite well-founded claims. One result was that the monthly deficit, which was about 900,000 toman when Dr. Millspaugh arrived, sank to 200,000 toman by the end of 1923, and it may disappear by the end of the financial year 1923-24.

Political Situation in Tehran.

The Shah.

102. His Majesty the Shah had returned from his second journey to Europe in December 1922, and appeared to have recovered his composure and rid himself of his former apprehensions at the growing power of His Minister of War, Serdar Sepah.

103. Their relations appeared, and, so far as is known, were, very cordial, and for some months matters appeared to move very smoothly.

104. During the month of April, however, His Majesty began to show signs of renewed apprehensions and seemed to fear what he regarded as the unbounded ambitions of Serdar Sepah. Nothing had as yet happened which could in any way justify these fears, but shortly afterwards Serdar Sepah requested His Majesty to make him Commander-in-chief of the army—an office which, according to the Constitutional Law, was vested only in the person of the Shah. The latter refused to accede to the request and regarded it as a proof that his apprehensions regarding the ambition of his War Minister were justified. Further discussions ensued on the point and His Majesty finally avoided the difficulty by making Serdar Sepah Chief of the army.

105. It was fairly evident that His Majesty regarded this as a further victory for Serdar Sepah and a defeat to himself, and it rankled in his mind. There were elements in the Court, too, which lost no opportunity of adding to His Majesty's apprehensions. His Majesty's uncles were hurt at the apparent indifference of Serdar Sepah to them, and considered that he did not show sufficient respect to their rank and status.

106. The Crown Prince, who was proceeding to his hereditary post as Governor-General of Azerbaijan, and had actually started on his journey, was compelled, at Serdar Sepah's instance, to abandon the project.

107. These and other less important matters only served to increase His Majesty's apprehensions; he saw in them the gradual subjection of his authority to the will of Serdar Sepah, and came to the conclusion that Serdar Sepah, by whittling down his power, had decided that he would finally get rid of him.

108. On the 27th August the Shah sent for Sir P. Loraine. It was evident that His Majesty was very nervous, was thinking of abandoning the situation, and would make no fight to retain his position. However, he appeared to have not then taken any definite decision. The situation remained thus until on the 25th October the Shah again requested His Majesty's Minister to come and see him. It was now only too clear that His Majesty was in a state of complete mental perturbation, and had irrevocably formed the resolution of quitting the country as quickly as possible. He announced that he had lost all confidence in Serdar Sepah, and feared even that the Minister for War might lay violent hands on his person. He admitted that Serdar Sepah had given him assurances for the safety of his projected journey, but added that, owing to his complete lack of confidence in the Minister for War, he could not believe those assurances unless some identical guarantees were also given to His Majesty's Minister. He recalled the behaviour of Serdar Sepah in regard to the Valiahd's journey to Tabriz, and feared that unless more binding assurances could be obtained from Serdar Sepah, the latter might treat him in the same fashion, and so deal his dynasty such a humiliating blow that it would never recover. His Majesty's Minister was therefore asked to obtain the necessary guarantees from Serdar Sepah, and then His Majesty would immediately announce his departure to Europe on grounds of ill health and the necessity for medical treatment.

109. The Shah was well aware that His Majesty's Minister deprecated such a journey, and thought his departure involved distinct danger to the throne. The Shah maintained, however, that there was danger to himself if he remained, and was quite obsessed with the idea. In this state of almost unreasoning alarm it was clearly useless for His Majesty to stay, and the only thing to do, therefore, was to facilitate his departure and allay his fears so far as possible. Sir P. Loraine accordingly sought a meeting with Serdar Sepah, to whom he explained the circumstances of the case. He found Serdar Sepah ready to give any assurances required and that he only desired to carry out His Majesty's wishes as regards his journey, but Serdar Sepah added that it was not in accordance with the Constitution for His Majesty in person to make the announcement about his departure in the absence of a Prime Minister. His Majesty should therefore appoint a Prime Minister and the latter should publish the announcement to the public. If His Majesty would do this Serdar Sepah undertook to give to Sir P. Loraine the necessary assurances in writing.

110. Some negotiations as to the procedure to be adopted followed, with the result that on the 27th October Serdar Sepah gave the desired assurances, and a few hours later he was received by His Majesty, who handed him a rescript making him Prime Minister. Serdar Sepah immediately accepted the task confided to him, and His Majesty thereupon handed him the announcement which was to be made to the public.

111. This marked the settlement of a tiresome question which, it may be safely assumed, would have reached a deadlock had it not been for the intervention of His Majesty's Minister.

112. His Majesty with a suite of fourteen persons left Tehran on the 4th November, and was accompanied by Serdar Sepah as far as the frontier. He arrived at Bagdad on the 8th November and left there the same day for Europe, via Damascus.

Cabinets and Prime Ministers.

113. The Cabinet, presided over by Kawam-es-Sultaneh, which had been in power since June 1922, and at the end of the year already showed signs of having lost the confidence of the Majlis, was able to drag on its existence until near the end of January 1923. Then, however, in spite of the juggling and never-to-be-fulfilled promises of the Prime Minister, it finally fell. The whole of its time and efforts had been spent in an endeavour to keep on its side the majority in the Majlis which had brought it into being, but when it became evident that the promises of office or other gain which Kawam-es-Sultaneh had made to each and every of the more

prominent members of that majority were unlikely to be fulfilled, and that not only had his Government entirely failed to put into force, or reap any benefit from, the economic and commercial treaty with Russia, from which great advantages had been expected, but had even been so negligent as to allow relations between Russia and Persia to become strained almost to breaking point, their inducement to support him vanished, and they began to look for another President who might reasonably be expected to do something more for them than Kawam-es-Sultaneh had done.

114. His Cabinet resigned on the 26th January, and it was not until the 14th February that Mustaufi-ul-Mamalek was able to form a Ministry to succeed him.

115. The internal political situation was thoroughly bad. The Majlis was openly interfering in matters quite outside its sphere. There was no proper party formation which could be counted upon to support the Government in power. The attitude of individual Deputies was entirely self-seeking. They were willing to support the Government just so long as they hoped to gain thereby some personal advantage—either office or money—but no longer. Patriotism was entirely lacking. In such an atmosphere, constructive work was impossible, and no business could be done since the whole time was spent in arranging artificial majorities in the Parliament; and although Mustaufi-ul-Mamalek's programme, outline of which was given in Sir P. Loraine's despatch No. 100 of the 28th February, was obviously so advantageous to Persia, there is small wonder that in such a vicious atmosphere no result of any importance could be obtained. This parliamentary juggling continued unceasingly to the beginning of May, when it became obvious that half the Majlis was tired of Mustaufi and was determined to get rid of him. He was only able to pass the Government budget through the Majlis by the narrow majority of one vote, and then had to get rid of two members of his Cabinet in order to pacify his opponents. In the midst of demonstrations and counter-demonstrations, both within and without the Majlis, Mustaufi-ul-Mamalek, thoroughly tired after trying without success for a full month to bring about a reconciliation between the warring sections of Deputies and having lost the confidence of the Shah, tendered, on the 11th June, his resignation, which was accepted.

116. Mushir-ed-Dowleh formed the succeeding Cabinet on the 16th June. Previously to his assumption of office he had declared his intention of carrying on the work of his predecessor and of trying to bring about a better understanding with Great Britain by exerting his influence for the satisfactory settlement of outstanding questions. With the imminent prorogation of the Majlis, the Prime Minister's hands would be much freer and he would have more leisure to put his laudable plan into execution. Time, however, passed, and no signs were forthcoming that his Government had the slightest determination to put these ideas into practice. Mushir-ed-Dowleh's Cabinet, in spite of the absence of the Majlis, appeared even less energetic and active than its predecessors, and as time went on it became pretty evident that it would shortly die of inanition. The all-powerful Minister of War soon manifested his dislike for its inaction, and was being pressed by all and sundry to make away once and for all with these supine Prime Ministers, who succeeded each other in regular rotation every six months, and assume the headship of the Government himself. This he finally decided to do. Mushir-ed-Dowleh resigned, and Serdar Sepah became Prime Minister on the 29th October.

117. The composition of his Cabinet was curious. The portfolio of Public Instruction was given to Suleiman Mirza, who was an advanced Socialist and had, whilst leader of a small opposition party in the fourth Majlis, distinguished himself by his obstruction of almost every measure which successive Governments had tried to pass through Parliament. Another Socialist, Mirza Ghassem Khan, Sur Israfil, was made Acting Minister of Interior, and the portfolio of Justice was given to another but more obscure Socialist, Muazed-es-Sultaneh. It is not yet clear what impelled Serdar Sepah to offer these Cabinet posts to such people, but it may possibly have been to attract the goodwill of the Russian Soviet Legation, with which the Socialist party was known to be on good terms, or it may even have been that the Prime Minister, by having them in close daily proximity to himself, thought he could better influence them and control their actions. However that may be, there is a good prospect that a ministerial council presided over by Serdar Sepah may at least have a considerably longer life than other Cabinets have had during the last few years. It is possible that individual Ministers may be thrown aside as necessity may require, but the Prime Minister will remain, and it may be confidently expected that a more settled line of policy may be adopted by the continuity of his Government and greater stability in the direction of affairs brought about. This will, it is hoped, have the

advantage, hitherto wanting, of enabling serious discussions once begun to be continued until some sort of satisfactory result can be achieved.

118. What can or cannot be achieved will largely depend on the attitude of the fifth Parliament, which will meet early in 1924, but the Prime Minister has exercised very strict control over the elections, and the greater part of the Deputies already elected are partisans of his régime. Too much confidence, however, cannot be placed in them, and as has happened before, once they are firmly installed in Parliament, they may possibly try to break away from their allegiance.

Reza Khan.

119. The year under review marks a further stage in the consolidation of the power of Reza Khan, Serdar Sepah, and further successes in bringing more distant tracts of the country under the direct authority of the Central Government.

120. At the beginning of the year, His Majesty's consular officers in South Persia feared that certain acts which he had done when he had gone down to Bushire to meet the Shah and accompany him back to Tehran, had been actuated by a feeling of hostility to Great Britain. Subsequent explanations of this conduct given by him to His Majesty's Minister, however, dispelled that idea.

121. In so far as in Persia it has been possible for the most prominent Minister of State to keep away from politics, Serdar Sepah has done so, but being the only live and efficient Minister in any Cabinet so far formed, more and more recourse has been had to him in trying to effect a settlement of all kinds of questions.

122. His general attitude towards His Majesty's Legation has been uniformly of a most friendly nature, and he has been the only Minister with whom anything in the way of a frank conversation has been at all possible, or at all events fruitful.

123. The continued success which has attended his military operations is dealt with elsewhere, and it need only be said that whether it was in the north, north-west, west or south, his policy of centralisation has gone on unchecked. The political consequences of these operations have been to obtain a stable Central Government by diminishing or even entirely crushing the authority of semi-independent chieftains, who had for many years battered on the districts over which they held sway. Some of these chiefs—the more turbulent, rapacious and rebellious ones—he has either imprisoned or done away with, others less obnoxious or likely to be more useful to him, he has retained, after clipping their wings, or has even made friends of and allowed to carry on the Government in the name of the Central Government.

124. He seems to have acted everywhere with prudence and foresight, and his compatriots, for the most part, are proud of him and desirous to help him in his self-appointed task of the regeneration of Persia.

125. It must not, however, be imagined that his task has been without difficulty. On the contrary, he has encountered difficulties to which a man of less set purpose and determination would long ago have succumbed. They have, however, appeared to be less than they really were owing to the iron will with which he has wrestled with them and overcome them with so little apparent effort.

126. During the summer certain intrigues at the court were being made against him with the object of clouding the friendly relations and mutual sympathy which had existed between His Majesty and Serdar Sepah since the former's return from Europe.

127. Jealousy and fear of Serdar Sepah's growing power were the only motives. The pretext was the request that Serdar Sepah made to be appointed Commander-in-chief of the army—a rank which, according to the Constitution, could only be vested in His Majesty himself. The Shah's refusal only widened the breach, and when Serdar Sepah, disgusted at the mismanagement of affairs by every Prime Minister in turn, decided that if Persia was to find any salvation, a more energetic and patriotic Prime Minister must be found, and decided that he alone was capable of undertaking the work, the dissension between him and His Majesty was no longer susceptible of being patched up, and the Shah decided to accept Serdar Sepah as Prime Minister on the condition that he himself was allowed to leave the country and proceed to Europe.

128. This came about in October, and since then Serdar Sepah has held all the reins of power in his own hands. Between that time and the end of the year he has busied himself with plans for the economic development of the country. He has granted the Northern Oil Concession to the Sinclair Consolidated Petroleum Company, subject to ultimate ratification by the Parliament, and is busily engaged in

studying the problem of railway construction in Persia and the opening up of the mineral resources of the country.

129. Towards the end of the year, there has been much discussion both in print and amongst the public of the formation of a republic in Persia. A great deal of mud has been slung at the Shah, and a great deal of praise accorded to Serdar Sepah. The latter has publicly announced that he does not consider a change of régime a necessity for the welfare of Persia, but he is undoubtedly flattered by the praises of his compatriots, and is believed secretly to be not ill-disposed to the question of a republic, of which he would certainly become the first President. There is, however, a certain amount of opposition to this republican movement, but it is gradually getting a firm hold of certain sections of the public. Much will depend on events and on the coming Parliament, which is composed, to an abnormal extent, of partisans of Serdar Sepah. In fact, it may be said that the army command has exercised very strict control over the elections, and Serdar Sepah himself has been elected as Deputy from at least twelve constituencies, and has accepted to represent one constituency—that of Sari, in Mazanderan, in spite of the fact that the Fundamental Law of the Constitution debars military officers from taking their seats in Parliament.

Kawam-es-Sultaneh.

130. The beginning of the year 1923 found Kawam-es-Sultaneh Prime Minister, but his hold over the Majlis was rapidly weakening, and it had been evident for some time that he would not retain office for long. He resigned the position early in February, after having lost most of his supporters who had grown tired of waiting for the rewards which he had offered to all of them in return for his election as Prime Minister in June 1922. This was the second time he had become Prime Minister in little more than the space of twelve months. He succumbed purely and simply because he failed to carry out the extravagant promises of reward which he had made to his supporters in the Parliament. His Premiership had lasted eight months, which was rather a longer period than other Prime Ministers had lately succeeded in keeping in office, and he paid money freely to all and sundry in the hope of maintaining himself. A clever man, but unscrupulous, intriguing and often crooked, he had many powerful enemies, who lost no opportunity of trying to down him. The opposition party in Parliament abused him openly, accused him of corrupt practices and insulted him in open session, and it was surprising that he bore these marks of enmity with such patience and forbearance.

131. Towards the end of the year, a police investigation of a robbery that had taken place, brought to light the details of a plot to assassinate Serdar Sepah, in which Kawam-es-Sultaneh was apparently deeply implicated. He was arrested and kept in confinement pending a full investigation. When his complicity was proved, the Shah, fearing for his life, interceded on his behalf with Serdar Sepah, who accepted His Majesty's intercession on the condition that Kawam-es-Sultaneh left the country.

132. He left in October for Europe, and it is unlikely that he will again appear in the political arena in Persia for some years to come.

Farman Farma and Nosret-ed-Dowleh.

133. For the first six months of the year, which coincided with the last six months of the life of the fourth Majlis, Nosret-et-Dowleh continued to be one of the most prominent members of that assembly.

134. His general line of conduct was still characterised by the same feelings of hostility to everything British, but he had other more pressing business on hand, and he was no longer able to devote his time entirely to rancorous thoughts. The Parliament was in its last quarter, and it was essential that the Prince should think in time about the approaching elections and what dispositions he must take in order to ensure his return as a Deputy to the fifth Majlis. He had endeavoured to find a post in the Cabinet of Mustaufi-ul-Mamalek, but failed, and thereafter devoted his time to trying to bring about its downfall and the formation of another Cabinet, less favourably inclined to the Socialists or Social Democrats, his political opponents, and therefore more favourable to himself and to his chances of election. Fortune favoured Nosret-ed-Dowleh, and Mustaufi-ul-Mamalek's Cabinet resigned a very short time before the election began. Nosret-ed-Dowleh was elected both from Tehran and from Kermanshah, at which latter place he headed the poll, and which constituency he decided to represent.

135. In July the Prince evinced a desire to renew friendly relations with His Majesty's Government, and requested a third party to convey an oral message to that effect to His Majesty's Minister. He was informed in reply, through the same channel, that, if he considered it suitable to call, he would be received with the courtesy due to his rank by Sir P. Loraine, whose attitude towards the question of renewing relations had undergone no modification since the time when, eighteen months before, he had put out feelers in the same direction. The Prince now replied that he was ready to call, but requested that the first meeting might take place in the house of a third party, undertaking at the same time to follow up the matter by calling on His Majesty's Minister the next day. The meeting took place in the house of Mohasib-ul-Mamalek on the 7th August. On the 8th August the Prince called at the Legation, and on the 9th August His Majesty's Minister returned the call. The discussions that took place on these occasions have been fully reported in Legation despatch No. 391, Confidential, of the 30th August. On the 10th August Nosret-ed-Dowleh was appointed Governor-General of Fars, and left to take up his appointment on the 16th August.

136. During the Prince's tenure of office in Fars, His Majesty's consul at Shiraz has had no cause for complaint as regards his behaviour; in fact, their relations appear to be cordial, and the Prince appears to have dealt with affairs in which British interests were concerned in an agreeable and satisfactory manner. It is, however, too early yet to diagnose whether he has really seen the error of his ways and has resolved to mend them. That will be more clearly evident when he has returned to the capital and taken his seat in the fifth Parliament, which is due to open some time in February 1924.

137. The father of Nosret-ed-Dowleh, Prince Farman Farma, had never, like his son, ceased to keep in friendly contact with His Majesty's Legation, and has continued from time to time to pay friendly visits to His Majesty's Minister. He has always sedulously affected to bewail the conduct of his son, and never lost an opportunity of relating how he had tried to persuade him to see the error of his ways, which could finally have no good result for any of his family. Since Nosret-ed-Dowleh's reconciliation and his departure for Fars, Farman Farma always enquires whether the Legation has received any complaints of his son's conduct, and appears to be highly relieved when he is assured that everything is working smoothly.

138. It is evidently Farman Farma's most cherished desire that he and his family should once again acquire the favoured position which they formerly held in the eyes of His Majesty's Government.

Fourth Majlis and its Legislation.

139. The term of the fourth Majlis expired on the 22nd June. In reviewing its actions from the point of view of national utility, it may confidently be said that it was the most incapable Parliament that has yet assembled in Tehran. Most of its time was taken up in internal quarrels and continual wrangling, except when a faked-up majority was trying to bring about the fall of one Prime Minister, from whom no further personal benefits could be expected, and his replacement by another from whom more advantage might be obtained.

140. It made laws and unmade them or modified them with unfailing regularity almost before the ink had dried on the paper, and the whole of its work was stamped with a want of forethought and a lack of insight which have surely never yet been found in a national assembly.

141. Perhaps its most important work was its attempt to frame a Bill giving the concession for oil in North Persia to an American company. Rarely a sitting passed without one or more clauses of this Bill being discussed. Finally it was able to evolve a Bill framed on certain offers made both by the Standard Oil Company and the Sinclair Consolidated Petroleum Company, but the date of its prorogation arrived before it was able to adjudge the concession to any company.

142. The more noticeable laws that it was able to make were—

- (1.) A law setting a term of five years to the period of service abroad of Persian representatives.
- (2.) A law by which all Persian functionaries in the Persian civil service were to wear clothes made of native cloth.
- (3.) An employment law by which all Persian civil servants must have been employed for at least five years at that date in Government service, all having a smaller period of service than that were to be dismissed. Likewise, all foreigners at the time employed in Persian Government

service must have valid contracts, and those who had not were to be dismissed.

- (4.) A concession for the extraction of oxide of iron in Hormuz to Hajji Muin-ut-Tujjar for a period of fifteen years in return for an annual payment of 100,000 tomans to the Persian Government.
- (5.) A Bill authorising the Government to borrow from American bankers a sum of 5,000,000 dollars for current expenses. Loan was to be for a period of eight to fifteen years at 8 per cent., and security to be other than the Anglo-Persian Oil Company royalties.
- (6.) A Bill authorising the Government to enter into discussion with American banks for a loan of 35,000,000 dollars for constructive purposes, but withholding authority to conclude an agreement until final sanction by the next Parliament.
- (7.) A Bill authorising the Government to draw up a code of Criminal Law, to replace the former law which the Majlis itself had abrogated, and authority to the Persian Government to put it into execution pending ultimate ratification by the next Parliament.
- (8.) A law prohibiting the exportation from Persia of gold and silver coin, which it had finally to modify owing to its paralysing effect on trade and industry. The modified law enabled rupees to be exported more or less freely, and a system of cabotage, by which money could be transferred from one post to another or from one frontier to another under a system of guarantee.

143. The more noticeable laws which were proposed and discussed at some length, but which the Majlis failed to evolve in a final and definite form, were—

- (1.) The law for a formation of a Council of State, which body was intended to investigate and try complaints made against Government officials.
- (2.) An adequate Press Law.
- (3.) A Bill providing for the trial of Ministers of State.
- (4.) A new Electoral Law, by which Deputies were to have resided at least five years in the town or district which they were called upon to represent in Parliament.
- (5.) A Conscription Bill (see paragraph 329).

144. The results achieved by this Parliament were of very small importance. Discussions, wrangling and intrigue were more rife in its closing stages than at any other time. For days together, Deputies purposely refrained from attending sittings in order that there might be no quorum and no vote might be taken, and it was amid general feelings of relief that on the 22nd June the period of its two years' inglorious existence came to an end.

Press.

145. During the greater part of 1923, the Persian press was as vehemently anti-British as in the previous year. It continued to thrive on blackmail and was entirely licentious. The amount it received from blackmail was, however, totally insufficient for its needs, and it was evident that it received heavy subsidies from certain interested quarters in return for its attacks on everything British. All these attacks were based on the most barefaced lies and purposely made misrepresentations, and scarcely a week passed without some oral or written protests against these libellous attacks having to be made to the Persian Government. Ministry after Ministry received these protests with genuine expressions of regret for the actions of this licentious press, but each one avowed its inability to put a stop to these malpractices in the absence of an efficient press law. Sometimes a newspaper was suppressed for a particularly scurrilous article, and Kawam-es-Sultaneh, when Prime Minister, did his best to pass a temporary Bill through the Majlis to enable the Government to deal with abusive newspapers, but at the time the Majlis was not too favourably disposed towards him and he failed to have an efficient Bill passed.

146. The abuse of freedom of expression was not confined to the press of the capital, and similar acts were constantly perpetrated in the provincial towns, notably in Meshed, Shiraz and Resht. This state of things continued right up to the time when Serdar Sepah assumed office as Prime Minister in October, but from that date a noticeable decrease in these attacks took place. He sent for the more ill-famed editors and told them plainly that they must cease their blackmail under penalty of

punishment, and as several of them had previously tried such tricks with him and felt the weight of his hand and authority, the effect was soon perceptible. Many of the papers shut down for want of funds and the rest behaved themselves better.

147. However, towards the end of the year under review the newspaper "Setareh Iran" again transgressed the bounds of common decency and began a campaign of calumny and abuse against Great Britain in regard to Anglo-Afghan relations. Representations again had to be made to the Persian Government, with the final result early in 1924 that the editor was compelled to visit His Majesty's Legation and offer an apology for his conduct and at the same time print a public apology in his paper.

148. It may confidently be hoped that the fifth Parliament, when it meets, will pass an effective law for dealing with newspapers which overstep the bounds of common decency and that the abuses which have been so frequent during the past few years may be finally stamped out.

Political Situation in the Provinces.

Bakhtiari

149. Bakhtiari questions were very much to the fore during 1923 and caused an immense amount of anxiety to His Majesty's Legation. By the end of the year, however, the big issues between the Bakhtiari and the Central Government had been settled, and the former, somewhat shorn of power and influence, were reduced to a state much closer to that of dutiful subjects and law-abiding citizens than would have been thought possible a year before, or has probably been the case during the whole of their chequered career. It is no exaggeration to say that this result was rendered possible by the firm but friendly intervention of the Legation, without which an armed conflict between the Imperial and tribal forces, ending with the disruption of the whole Bakhtiari organisation, would have been well-nigh inevitable.

150. Ever since the Shalil incident in the summer of 1922 it was evident that Serdar Sepah, in the name of the Government, was bent on diminishing Bakhtiari influence. It was not a difficult task for him to exploit their family quarrels and, in fact, the khans were so blind to their own welfare that they even co-operated with Serdar Sepah in their own undoing. In return for the part that the Bakhtiari had played in the Persian constitutional movement, the bigger khans of both families had been rewarded from time to time with various provincial governorships. One of Serdar Sepah's first acts which marked his displeasure with them was to have them deprived of these lucrative posts, and by the end of 1922 not a single provincial governorship remained to them. The khans had likewise retained a certain number of armed tribesmen for their own protection and prestige, and a number of armed retainers always followed them about wherever they went. Orders were issued that these retainers should no longer bear arms. Every device was used by Serdar Sepah to shear the khans of their outward prestige. He had had an old campaigning friendship with Serdar Assad, and he next proceeded to use that khan, and his younger brother, Amir Jang, and Serdar Mohtasham, their uncle, to further his own designs of breaking up Bakhtiari amity. These three khans were already on very bad terms with the rest of both branches of the family and were willing instruments in the hands of Serdar Sepah. In spite of all good advice given to the khans by His Majesty's Minister to keep together, it was impossible for the majority of the khans to bring back these three into the fold, and so Serdar Sepah was able to break the khans' influence and prestige as a tribal body. In reward for the services rendered by the renegade khans, Serdar Sepah gave the governorship of Khorasan to Serdar Assad and made Serdar Mohtasham and Amir Jang Ilkani and Ilbeggi respectively of the Bakhtiari tribe. The blow dealt to Bakhtiari influence has had the further effect of prolonging and even embittering the inter-tribal quarrels, and the Ilkani and Ilbeggi have since had the greatest difficulty in holding the tribe together and preserving their administration.

151. At the beginning of 1923 Serdar Jang was still absent on the commission of enquiry into the Shelil incident mentioned in paragraph 145 of the 1922 annual report. He returned to Tehran two weeks later, and it was understood that an indemnity (see paragraph 146, 1922) of 20,000 tomans would be accepted by the Persian Government and the incident finally liquidated. Meanwhile, however, as foreseen in paragraph 149, 1922, the internal quarrels of the khans broke out and early in February, notwithstanding the most pressing appeals from His Majesty's Minister to remain united, the Ilkani and Ilbeggi resigned, and the khans were quite

unable to agree on successors. The tribes remained without constituted Governors for another three and a half months.

152. The effect of this disagreement was immediately felt in Serdar Jang's negotiations; instead of 20,000 tomans to be given as an indemnity, some 480,000 tomans were now demanded as a fine. Even this did not deter the Bakhtiari from pursuing their family squabbles; they said they neither could nor would pay the sum demanded, practically defied the Minister for War to do his worst, talked freely of armed resistance, and importuned His Majesty's Minister to protect their interests. Some of them, in the hope of evading payment of their share of the fine, went over to the camp of Reza Khan, and this further embittered the family dissensions.

153. His Majesty's Minister for many weeks exerted himself to the utmost to avert a conflict between the Bakhtiari, to reunite the khans and to obtain a reduction of the sum demanded to a reasonable amount, and he used his influence to this end with the Shah, the Prime Minister, the Minister for Foreign Affairs and the Minister for War in turn, especially of course with the last named. Although the khans had constantly and vehemently denied any complicity in the Shelil incident, His Majesty's Minister learnt on the 1st April from Reza Khan that the latter had proof of their complicity; the fact was confirmed three weeks later by Serdar Jang, who, in company with Semsam-es-Sultaneh, made a complete confession to Sir P. Loraine. This cut away the moral ground on which the Minister's intervention on behalf of the Bakhtiari had been based. Nevertheless and although it even transpired that the khans had deliberately sought to involve the Legation in responsibility for the Shelil incident and had sent telegrams to that effect which had been in Reza Khan's possession since the late summer of 1922, the intervention had to be continued on political grounds in the interests of general peace, any disturbance of which would have reacted prejudicially on the operations of the Anglo-Persian Oil Company. The Shah, in response to the Minister's advice, likewise intervened with Reza Khan and this, coupled with the renewal of severe pressure by Sir P. Loraine, ended in a compromise being found, whereby the Bakhtiari khans agreed to pay a lump sum of 150,000 tomans. This example of the attitude of the khans towards the British friends who have so often stood by them was as illuminating as it was unsavoury. The lesson should not be forgotten.

154. This crisis in Bakhtiari affairs had barely passed when a fresh one arose, through a demand for arrears of revenue amounting to 2,300,000 tomans presented to the Bakhtiari khans by the American financial adviser. Once more recourse was had to the good offices of His Majesty's Minister, who urged the American adviser to be conciliatory and not to reject without careful examination the counter-claims of the Bakhtiari in respect of services rendered to the Government at their own expense and abatements granted for their armed assistance in the constitutional wars. At the same time His Majesty's Minister warned the Bakhtiari khans that they must meet their proper obligations, and have their future ones established on an agreed basis, and advised them to prepare a considered statement of their obligations and claims to form a basis of discussion. The khans as usual procrastinated, tried to make out that the Persian Government owed them money rather than *vice versa* and evinced a marked tendency to evade rather than to meet their obligations. Meanwhile the demand of the Persian Government, after closer examination, was reduced to 1,500,000 tomans, but the khans remained obstructive and obstinate. The Finance Department then acted, and its agents, supported by the military force, seized all the estates privately owned by the khans outside Tehran, Chahar Mahal and Arabistan. This drastic if somewhat arbitrary action brought the khans to heel, and after interminable haggling between themselves and numerous conferences between the representatives whom they now appointed to deal with the question, and the financial advisers, a settlement was reached at the end of August whereby the American adviser accepted 500,000 tomans, excluding the revenue of Aquili; 50,000 tomans to be paid down in cash and the balance in instalments of 30,000 tomans a year. The Legation actively maintained its rôle of pacific mediator throughout these tiresome negotiations, and received the most valuable assistance in their later and concluding stages from Mr. Peel, His Majesty's consul at Ahwaz, who was on his annual visit to the capital.

155. It was not astonishing that the cumulative effect of these events was to weaken the authority of the khans in their own country, a result which was certainly not unwelcome to the powerful Minister of War, who, besides obtaining satisfaction for a resentment which he had long harboured against the Bakhtiari, saw in their disintegration the crumbling of one of the principal obstacles to the reduction of

the provinces and especially of the tribal organisations to a state of complete submission to the central authority, a task on which he had set his heart, and staked his reputation.

156. There was, however, a danger, and it is not yet removed, of weakening too much the authority of the khans in their own country and over their own tribesmen. His Majesty's Minister has frequently pointed this out to Serdar Sepah, and warned him of the risk which a collapse of the tribal authority would entail, necessitating a direct intervention of the Central Government in the administration of Bakhtiari. Serdar Sepah admits that this eventuality would be eminently undesirable, but he appears to have given pledges to the Chahar Lang section of the tribe, and its Janeki subsection, when he was encouraging their separatist tendencies to the discomfiture of the ruling Haft Lang section, at the moment when the governing khans were proving recalcitrant. These matters have not yet been settled, and at the end of the year the new Ilkani, Serdar Mohtasham, and the new Ilbeggi, Amir Jang, were threatening to resign unless the Chahar Lang and the Janeki were placed under their full authority. There may be seeds of trouble in this situation, and the Bakhtiari question, though peaceful at the moment, cannot be regarded as settled. At the close of the year, moreover, an intention manifested itself on the part of Serdar Sepah to substitute Persian troops for the Bakhtiari force which has guarded the oil-fields ever since their exploitation began. The Prime Minister's calculation is that he will soon have such a grip in Arabistan that there will then be no danger from tribal wranglings, but, though the calculation may be correct, the transitional period cannot be viewed altogether without anxiety, and moderation and tact as well as firmness will have to be employed if it is to be safely passed.

Sheikh of Mohammerah (Political).

157. In proportion as the power of the Central Government increased and detachments of Government troops penetrated into outlying parts of the country carrying the outward signs of a reviving central administration, so did the nervousness of the Sheikh of Mohammerah increase. It was only natural for him to imagine that, after the collapse of the Bakhtiari, who had appeared as a bulwark between him and the Central Government, it would be his turn next to attract the attention of the Tehran Government. His conscience was not at ease, as the question of his unpaid arrears of taxes (this subject is being treated separately), had not yet been settled. He had heard rumours about Government troops coming into Northern Arabistan and felt that if he could not arrange in a satisfactory manner the legitimate demands of the Persian Government, his own special position and privileges, which rested on Royal firmans issued by the hand of Muzaffer-ed-din Shah, would speedily be taken from him.

158. It was a very difficult matter for him to overcome his suspicions of the Minister of War's intentions, and it required a personal visit from His Majesty's Minister before he could overcome his nervousness. Once, however, the question of his indebtedness to the Persian Government was settled, the question became easier. The Persian Government readily gave him assurances of its friendship for him, and the sheikh, on his part, offered to buy a couple of armoured cars for the Persian army, and to establish and keep up a hospital at Shustar. Both the Central Government and the sheikh were urged to draw closer together and to co-operate in Arabistan and to liquidate any question which might be a source of friction. In this the efforts of His Majesty's Minister were entirely successful, and the common sense of both parties did the rest. At the close of the year the sheikh is on excellent terms with the Central Government; encouraging and most friendly communications have been addressed to him by the Persian Government; the commandant of the troops in Shustar has been given the strictest instructions to uphold the sheikh's authority and prestige over his own tribes, and these orders have been carried out conscientiously. The Persian Government have promised to recognise the sheikh's special powers and privileges, and it is to be hoped that goodwill and sincerity will be displayed on both sides.

159. It had been hoped that Serdar Sepah might have found time to visit the sheikh when he accompanied the Shah to the Persian frontier on his third journey to Europe, but, unfortunately, Serdar Sepah was not able to do so. Serdar Ajall, the sheikh's second son, has been elected a Deputy to the fifth Majlis for the Bani Turuf, and if he should accept and come to Tehran, the sheikh will be able, by that means, to keep in very close touch with Serdar Sepah.

160. During 1923 the question concerning the status of certain tribal elements,

said to owe allegiance to the sheikh, but inhabiting Irak territory, was raised. It appears that these tribesmen enjoyed special privileges under the old Turkish régime in Mesopotamia, one of which was exemption from military service in the Turkish army. The question came up over the Irak elections and the sheikh asked that instead of these men registering themselves individually as voters, their headman should be allowed to do the registration on their behalf. The sheikh seemed to believe that this request was acceded to, but the question concerning other privileges which the sheikh wished to establish was left in abeyance. The King of Irak did not, however, support the sheikh's interpretation of what was said in this connection, at a personal interview between the two.

161. In the autumn it was suggested that the sheikh should attend, or act as host thereat in his house at Koweit, a conference on Arab affairs, between delegates from Irak, Transjordan, the Hedjaz and Ibn Saud, and His Majesty's Government, mostly concerned with frontier questions. As his Excellency was somewhat apprehensive how the Persian Government would view his participation in the conference, he followed the advice of His Majesty's Minister to consult the Tehran Government: Serdar Sepah expressed a preference that the sheikh should keep out of it, and the latter accepted this decision.

162. Towards the end of the year, an Irak newspaper published some articles suggesting that Persian Arabistan was a sort of Arabia *irredenta*, and that Irak could only view with misgiving any extension there of the authority of the Tehran Government. These articles aroused intense resentment in Tehran, where the press riposted in the most vigorous terms. This particular slanging match did not last long, and, as usual, the blame for these sinister machinations was laid at the door of Great Britain! The incident shows what was very likely at the back of Serdar Sepah's mind when he warned the sheikh off the Koweit Conference.

Sheikh of Mohammerah's Revenues.

163. This vexed question (see paragraph 144 of 1922 annual report), failure to settle which has been a source of constant anxiety to the Legation, was laid to rest towards the end of 1923, and it is devoutly to be hoped that it will not be revived.

164. Early in 1923 His Majesty's Minister brought fresh pressure to bear on the Sheikh of Mohammerah to settle this question. His Excellency maintained that he held clear receipts for all revenue up to March 1920, and that after deductions which he claimed as sanctioned, he only owed 24,000 tomans for the two years ending March 1922, which he was ready to pay against formal receipts. Sir P. Loraine endeavoured to secure from Dr. Millspaugh a settlement on this basis, but found him non-committal, pending a thorough investigation of this intricate question, and sceptical—correctly, as it proved later on—in regard to the validity of the sheikh's clearances. There was a further complication owing to the fact that the sheikh had for many years been collecting indirect taxation on his territory. The Persian Government regarded this as an encroachment on their own prerogatives, and felt they were being defrauded thereby of a fruitful source of revenue. The sheikh, on the other hand, took his stand on his firmans, granted originally by Muzaffer-ed-din Shah, and maintained that nothing beyond his land-tax could be claimed by the Persian Government, and that his personal jurisdiction was completely established by the firmans over the territories defined therein.

165. The Ministry of Finance continued its investigation, and the Government claim against the sheikh piled up, so that matters looked like reaching a deadlock. The success obtained in negotiating a settlement of the Bakhtiari question, and the ability shown therein by Colonel MacCormack, one of the American advisers, led His Majesty's Minister to suggest to the Persian Government the advisability of sending that officer down to Mohammerah, with full powers to reach a settlement with the sheikh. The suggestion was accepted by Mushir-ed-Dowleh's Government and, as will be seen, was carried out by that of Serdar Sepah with complete success.

166. In October Sir Percy Loraine visited Mohammerah and Ahwaz, spoke very earnestly to the sheikh on this subject, and came back to Tehran with the impression that his language had impressed the sheikh and that there was a reasonable prospect of his coming to terms. In November, Colonel MacCormack set out for Ahwaz, and, on arrival, immediately began negotiations with the sheikh. A wide divergence soon appeared between the two points of view, neither would give way, and a deadlock ensued. The Minister intervened at Tehran, and His Majesty's consul with the sheikh, in the interests of an arrangement, and a compromise was found and embodied in a binding agreement. The terms were as follows:—

The sheikh to pay 500,000 tomans in respect of arrears of revenue; 100,000 tomans down, and the balance spread over twenty years; for the future a sum of 150,000 tomans a year to be paid in respect of direct and indirect taxation, a deduction of 20,000 tomans being allowed from this amount to cover his Excellency's pension and other legitimate charges; the sheikh to continue to control the indirect revenue, but a financial agent to remain as inspecting officer for the whole province of Arabistan. The settlement is both fair and satisfactory, albeit both parties grumbled at having lost on the deal.

Political Situation in South Persia (Bushire Hinterland), Gulf Ports and Islands.

167. During the year under review steady progress has been made in dealing with the many khans living along the Bushire-Shiraz road, and also with those living further away in the mountainous districts behind Bushire.

Tangistan.

168. The notorious Zair Khidar, a chief of Tangistan, was shot dead in a tribal affray early in April, and with his death the most prominent anti-British tribesman in all South Persia disappeared. He had played a conspicuous part in all the troublous times through which South Persia had passed during the last twelve years, and had been largely responsible with the late Sheikh Hussein Chahkutah for the attack on Bushire in 1911, which resulted in the occupation of that town by British troops. His anti-British activities during the war (1914-18), and his opposition to the South Persia Rifles later will be remembered, and his disappearance can be regarded with great relief with those people who desire that this troubled corner of Persia may settle down to more peaceable times.

Dashti and Dashtistan.

169. In March a small force left Shiraz for Kazerun and Borazjun. Nasir Diwan and Ghazanfar-es-Sultaneh, two truculent chiefs who live by extorting money from caravans and by other illegal gains, were brought to reason. Unfortunately, they were not dealt with as severely as they deserved to be, and the military authorities seemed rather to turn their attention to khans who had been friendly to British interests in the past than to those who had been rebellious subjects of the Persian Government. This differentiation brought a strong protest from His Majesty's Minister to the Persian Government, with the result that strict orders were issued that no preferential treatment was to be made, and all the khans must be brought to heel regardless of their past deeds. During the latter part of the year a force has been operating in this part of the country, collecting arrears of revenue and destroying the ports which these petty chiefs had built, and from which they attacked each other and preyed with impunity on all who passed by. Many tens of thousands of tomans of revenue arrears have been collected, and over thirty peels and forts have been destroyed.

Lirawi.

170. The revenue collectors have been actively collecting arrears all over the south, and where the big proprietors, who usually live in the capital have been slow in paying up, bailiffs have been quartered on the tenants in order to recover arrears from the lands themselves. This rule was followed in Lirawi, when Aga Khan, the tenant of Hajji Sayyid-es-Sultaneh, was pestered for arrears owing by his landlord.

171. Lirawi has in previous times had a certain amount of interest for the Residency in Bushire by reason of various attempts by the Bakhtiari khans to acquire the district and so wall-in the lands of the Sheikh of Mohammerah on the east. In order to avert that, much help has been given to Hajji Sayyid-es-Sultaneh in the past to enable him to preserve his district. However, with the advent of a strong central authority, and a corresponding reduction in the power of the Bakhtiari khans, the situation has undergone a change, and it is no longer a necessity for His Majesty's Government to watch that equilibrium is kept here between the Sheikh of Mohammerah and the Bakhtiari khans. The question of the arrears of revenue has been settled by Hajji Sayyid-es-Sultaneh making the necessary negotiations in Tehran, and the tenant has been freed from the too pressing attentions of the bailiffs.

Haider Khan of Bunder Rig, Hayat Daoud and Kharag Island.

172. The endeavours of the Persian Government to replenish their Treasury have led them to seek about in the remote regions of the south for new or so far forgotten sources of revenue. Since Serdar Sepah's visit to the south at the end of 1922, when he had occasion to imprison Karamullah, the son of Haider Khan, for alleged misbehaviour in his presence, there seems to have been a fixed idea that Haider Khan was not as loyal as he should be to the Persian Government, nor paying all the revenues that he should to the Imperial Treasury. Needless to say, there has never been any question of Haider Khan's loyalty to the Government, but his sincere friendship with the British and the useful help he gave, especially during the war, had brought him many enemies, both among the disloyal khans in the districts around and those residents in Bushire who were hand in glove with them. These influences had been untiringly at work in the hopes of obtaining a revenge on an old enemy, and, at the same time, having a smack at the British, whose influence they supposed was on the wane since the disbandment of the South Persia Rifles, which force had formerly kept order in Fars and South Persia. Ranting politicians like Mirza Ali Kazeruni, a fraudulent bankrupt merchant of Bushire, who represented that town in Parliament, and scurrilous newspaper articles which Haider Khan refused to buy off, kept the matter before the public notice.

173. Kharag Island possessed certain pearl fisheries, and exaggerated stories of their yearly revenue to Haider Khan was spread about. During June the financial agent in Bushire entered into correspondence with Haider Khan about the question of his revenues, and especially with reference to Kharag Island and its pearl fisheries. Haider Khan replied that he had regularly paid his revenues according to the amounts stipulated in the farmans accorded to him by Muzaffer-ed-din Shah, under which he owned the properties, and that the financial agent only had to apply to the Governor of Bushire who would show him copies of the farmans. This apparently did not satisfy the financial agent, who, on the 9th July, sent a subordinate official with a few armed men to the island to control the pearl fisheries. They were, however, prevented from landing by Haider Khan's armed retainers, who appear to have fired off a round or two, and they were obliged to return to Bushire. The Persian Government appear to have contemplated sending a stronger force against the island, but owing to the personal intervention of the Governor of Bushire the matter was allowed to drop, and Haider Khan was allowed to come to Bushire to settle his outstanding questions. He arrived at Bushire on the 1st September and stayed for a week. His visit was quite successful, and although the question of his rights in regard to the pearl fisheries was not settled, he signed a document of fealty to the Persian Government, which apparently satisfied the latter, and the matter has since been allowed to drop.

Bahrein.

174. On one or two occasions during the year Persian Government officials in Bushire and Arabistan have tried to enforce certain passport regulations in regard to Bahrein, as if Bahrein were a Persian island. The matter has also been agitated by certain Deputies, and a proposal was placed on the agenda of the Majlis for Bahrein to send a Deputy to the Persian Parliament, but it was cut out subsequently. Shiraz newspaper editors, in touch with certain Bahrein malcontents, had raised the question several times in their papers, accompanied by the usual abuse of the British. During the course of the year, His Majesty's Minister was obliged to make representations to the Minister for Foreign Affairs and to the Prime Minister on the subject, and the question dropped out of sight, but it is likely that it will come forward from time to time in the future as it has in the past.

Abu Musa and Tanb.

175. As mentioned in the section of this annual report dealing with the Majlis, Hajji Muin-ut-Tujjar Bushiri succeeded in obtaining a concession from the Persian Government for the exploitation of red oxide at Kermuz. He had hoped, of course, to sell this product at an enhanced price to Messrs. Strick and Co., who are the largest buyers of that commodity in the Persian Gulf.

176. The Island of Abu Musa, belonging to the Sheikh of Shargah, however, has red oxide mines, and Messrs. Strick proceeded to come to an arrangement to purchase the necessary quantities of oxide from Abu Musa rather than submit to a deal with Hajji Muin-ut-Tujjar and pay him extravagant prices. Hajji Muin-ut-Tujjar consequently caused the question of the ownership of Abu Musa to be raised, and His

Majesty's Minister was compelled to make representations to the Persian Government recalling to them the fact that in 1904 Persian customs officials had tried to place the Persian flag on the islands of Abu Musa and Tanb, and that the Persian Government had disavowed the action of their customs officers. His Majesty's Minister's representations procured the desired result and the matter lapsed.

Bushire Garrison.

177. At regular intervals during the year the Persian Government have requested His Majesty's Government to withdraw their troops from the Gulf ports, on the pretext that garrisons of Persian troops in those places were sufficient to accord the necessary protection to British nationals and their interests. During the year the numbers of Persian troops doing garrison duty in South Persia have been gradually increased, and the pacification and disarmament of the various small, but truculent, tribes in the Bushire hinterland has proceeded smoothly. By October, His Majesty's Resident in the Persian Gulf reported that sufficient security seemed then to have been assured to warrant His Majesty's Government in reducing the numbers of British Indian troops in the Gulf to what they were previous to the occupation of Bushire in 1911. In December, His Majesty's Government agreed to make the reductions recommended as soon as climatic reasons permitted, which would be some time during the first quarter of the ensuing year.

178. During the year under review some alterations have been made in the districts of various governorships in South Persia, and further alterations have been proposed by local Governors, but have not yet received, and may not receive, the sanction of the Central Government.

179. The Governorship of Kuhgilu and Behbahan has been taken from the Bakhtiari tribe and joined on to the governorship-general of Fars.

180. The present Governor-General of Fars, Prince Nosret-ed-Dowleh, has, like some of his predecessors, tried to obtain the inclusion of the Gulf ports in his district, but the Central Government have pronounced against it.

181. With more reason, the Governor of the Gulf ports has proposed that the district of Dashti and Dashtistan should be included in his governorship. These districts are much more in touch with Bushire than with Shiraz, are within the parliamentary district of Bushire, and also under the military control of the officer commanding troops, Bushire. The Central Government have not pronounced their decision yet in this respect, but they may take the opportunity of making the proposed change when the present Governor-General of Fars leaves his post to take his seat in the Majlis.

182. Lirawi is another district which is under dual control. For purposes of government, it is under Behbahan, which itself is part of the governorship-general of Fars, but for taxation and revenue purposes it is included in the district of Bushire.

Amir Shauket-ul-Mulk (Governor of Seistan and Kainat).

183. Amir Shauket-ul-Mulk arrived in Tehran at the end of January 1923, having been summoned there by the Persian Government to consult on various questions concerning South-East Persia, as well as to arrange some smaller personal matters with his Government. For many years Shauket-ul-Mulk, himself a Seistani, had been the Governor of Seistan and the Kainat, and, although latterly he had designated subordinate governors, Hussein-ed-Dowleh to the Kainat and Semsam-ed-Dowleh to Seistan, and took no active part in the details of the administration himself, yet he was nominally the Governor, and as such responsible for the administration. The time was approaching when, in conformity with the centralising policy of the Persian Government, the question of bringing under their control the Sarhad and Persian Baluchistan would have to be dealt with, and Shauket-ul-Mulk was naturally a person to be called into consultation on account of his intimate knowledge of that part of the country. He spent rather more than four months in Tehran, and then returned in June to Seistan as Governor-designate for Persian Baluchistan, the Sarhad and Duzdap, which places were to be detached from the governorship of Kerman and added provisionally to the governorship of Seistan and the Kainat until such time as the Central Government had completely established their authority in those regions and they could be made into one large and separate provincial governorship.

184. Preparations for assuming control in the Sarhad as soon as the autumn should set in were being pushed on by the Persian Government, and troops were

gradually being recruited and plans co-ordinated, in consultation between the Persian civil and military authorities, and here Shauket-ul-Mulk's intimate knowledge of that part of the country was of the greatest use. He could not, however, enter upon his administrative duties until the provinces had definitely passed under the control of the Persian Government, and at the end of the summer his position was still somewhat vague. The Governor of Duzdap, too, seemed to be doing his best to upset the tribes in the Sarhad with threats of the use of military force before these forces were actually ready, and Dost Muhammad of Bampur was already busy trying to undermine the Governor-designate's position before he could assume administrative control. It must be believed, in addition, that the eastern military command and the local officers commanding, who were going to bear the brunt of the difficulties in taking over control, disliked the idea of having that control pass into the hands of a civilian Governor as soon as it should happen to be established. Finally, Serdar Sepah, who had now assumed the Presidency of the Council, took the military point of view and decided that it was in the general interest of the State to have a military governorship in preference to a civil one—at least, until the whole of South-East Persia had been brought well under control by the Central Government—and Shauket-ul-Mulk's proposed appointment was therefore temporarily shelved.

Western Tribes.

Kalhurs.

185. During the year under review, His Majesty's High Commissioner at Bagdad repeatedly requested His Majesty's Minister to try to persuade the Persian Government to give assurances to those partisans of the murdered Kalhur chief, Amir Azam, who had taken refuge in Irak territory, that they might return to Persia in complete safety, or alternatively, if the Persian Government could not yet give the assurances in a form acceptable to the refugees, that they should, at any rate, cause them to be provided from the revenues of their properties with the necessary funds for their subsistence. The Irak Government made this request as the refugees were destitute and were likely to become a burden to it.

186. The Persian Government seem to have made some attempts to attract them back to Persia, but not with any marked success, and even offered the chiefs among them a sum of 1,000 tomans if and when they returned to Persia. The majority of them, however, refused to leave Irak, but towards the end of the summer 1923, Serdar Nosret, their leader, returned to Kermanshah, but so far no arrangements appear to have been made for the others to follow him.

Sinjabis.

187. In the spring of 1923, the Sinjabi chiefs were in trouble. Two of the three chiefs had been under suspicion for some time of disloyalty to the Persian Government. Investigations made in regard to an attempted murder in Kermanshah brought to light some documents incriminating them in pro-Bolshevik propaganda. Salar Zafer and Serdar Mukhtadir, the two chiefs in question, were arrested and imprisoned, and the tribe was divided up into two sections, Serdar Nasir Sinjabi retaining the headship of one section, the other being placed under the orders of Aminullah Khan Sinjabi.

Pusht-i-Kuh.

188. The centralising activities of the Tehran Government appear to have caused some anxiety to the Vali of Pusht-i-Kuh, who feared that his position of semi-independence was in jeopardy. In the spring he decided to make a pilgrimage to Kerbela, staying at Bagdad on his way there as a guest of King Feisal. It was rumoured in Bagdad that he intended to seek the intervention of the British, in order to maintain himself in his former position. His Majesty's High Commissioner at Bagdad was informed that nothing was known in Tehran about the intentions of the Persian Government as regards the Vali, who, if he should broach the subject, might be told that no such information was to be obtained in Tehran.

Serdar Rashid.

189. Serdar Rashid Kurdistani was another chief whose loyalty to the Persian Government had long been doubted, and he had been detected in conniving with Sheikh Mahmud in certain activities for an independent Kurdistan. In May an

expedition was sent against him, but as it was composed mostly of Kalhur tribesmen who did nothing but loot, it was not marked by any striking success. Serdar Rashid, however, was forced to flee to the chiefs of the Avroman tribe, and various detachments of troops sent by the Persian Government to hunt him down, kept him continually in the mountains. He was gradually worn down, and made it known that if his life would be spared he would be ready to give himself up. It is not known whether the Persian Government actually gave him any assurance of that nature, but towards the end of the summer he came into Kermanshah and surrendered, and was sent thence to Tehran, where he has since been kept in open confinement.

V.—CONCESSIONS.

Anglo-Persian Oil Company's Operations in South Persia.

Abadan Police.

190. During 1923 the Persian Government protested against the detachment of Irak police which was keeping order among and control over the British and Indian employees of the Anglo-Persian Oil Company in Abadan, as being contrary to the sovereign rights of the Persian State. In consequence of this protest, it was found necessary to disband that force and to replace it with one which was not open to the same objection. Many proposals in this connection were discussed, and it was finally decided to form a local force on the same lines as the security police doing duty at the oil-fields. The duties of the force were to see that the rules and regulations of the company were observed by its employees and at the same time to keep the peace between the employees themselves. In order, however, to fulfil these duties completely, it was necessary that the force should be under the orders of, and responsible to, some authoritative person possessing magisterial powers. The vice-consulate at Mohammerah, in whose district Abadan is situated, was too far away to be able to deal promptly with cases of immediate urgency, and it was in consequence proposed that some senior British official of the company should be vested with magisterial powers to deal with such cases, on the analogy of the custom obtaining at the oil-fields already.

191. The Government of India demurred at first to the proposal, but during the interval between the disbandment of the Irak police force and the completion of the arrangements for forming a properly constituted force to replace it, several incidents happened which proved the necessity for putting into force some such arrangement as the company had proposed. The Government of India was subsequently convinced of the reasonableness of the company's proposal, and decided to vest a senior official of the company with magisterial powers for the period of one year as an experiment, and in the absence of any other proposal which might commend itself better to their judgment.

192. The appointment was made in June 1923 and appears to have worked satisfactorily.

Anglo-Persian Oil Company's Agreement with Kashkulis and Soulet-ed-Dowleh, and Operations in Bikarz Area.

193. The agreement made in June 1922 between Sir A. Wilson, acting on behalf of the Anglo-Persian Oil Company, and Soulet-ed-Dowleh, had still not received ratification at the hands of the Central Government. It was evident that the Persian Government disliked the arrangement made between the company and the chief of a tribe, and in view of the success which was attending their efforts in centralising the administration and in gradually reducing the power and authority of the tribes, they clearly regarded the arrangement made as of a temporary character—and, therefore, not worth while ratifying—and to be of use only until such time as the Government could themselves extend to the company that protection which, in accordance with the terms of the company's concession, they were in duty bound to afford. Meanwhile, however, the company was carrying on its work, and had already completed two borings in Dashti Kir. Suddenly in August, one of the Kashkuli chiefs issued orders to the chief of the guards protecting the company's works to enforce immediate cessation of work by Persian labourers and to remove the guard. Immediate representations were made to the Persian Government, who, after some hesitation, lest any action on their part should be construed as a ratification of the

company's agreement with Soulet, telegraphed to Soulet-ed-Dowleh, and the trouble seemed to have been surmounted. But it was only a temporary respite, for on the 14th September it broke out again and with increased severity. Some of the English employees were fired upon, happily with no serious result, and matters became so bad that the company's employees were forced to evacuate the area, after having much trouble with both the Persian labourers and the guards, who refused them permission to depart until all payments up to the date of evacuation had been made in full. Happily the company's property was not entirely abandoned, and it was found possible to obtain some twenty-five guards from Haider Khan, of Hayat Daoud—an old and trusted friend of the British—who undertook to give what protection he could.

194. It subsequently transpired that the cause of the trouble was the old quarrel between Soulet-ed-Dowleh and the Kashkuli khans over the division of the subsidy paid by the company and now brought to a head by the greed, jealousy and vindictiveness of Soulet-ed-Dowleh.

195. It was now clear that some new and more effective arrangement would have to be made under the protection of which the company might return to the Bikarz area and resume its work. The old agreement was not acceptable either to the Persian Government, Soulet-ed-Dowleh, or the Kashkuli khans, and it appeared to His Majesty's Minister that the only effective measure that could be taken was that stipulated in article 14 of the company's concession, i.e., that the Persian Government should themselves afford protection to the company's operations.

196. The proposal put forward by His Majesty's Minister early in September met with a refusal on behalf of the company, which was still inclined to prefer local agreements to one with the Central Government whose recently acquired increase of power and authority, even over such powerful chiefs as Soulet-ed-Dowleh, the company had not yet fully realised.

197. It was natural that the company should hesitate to take the initiative in setting aside its agreement with Soulet, for if, after transferring the protection of its operations to the Persian Government, the latter failed to take effective measures to carry out their obligations, the company would be worse off than before and have in addition to face the resentment of the powerful Kashkuli chief.

198. By the beginning of October, however, the company had come round to the views held by His Majesty's Minister and made application to the Persian Government for protection as provided in the terms of its concession.

199. The Persian Government accepted to shoulder the responsibility and towards the end of October work was resumed. The Central Government detailed an officer and a few soldiers to the area, and undertook to take a written guarantee from Soulet-ed-Dowleh and his son, Ilkani of the Kashgai, for the future safety of the operations. They had no objection at the same time to the company making a new arrangement with Soulet-ed-Dowleh as regards the land where the company's operations were being carried on. The officer detailed by the Persian Government was to recruit some fifty or sixty guards locally and was to be responsible to the Central Government for the security of the area, and in all matters connected with the guarding arrangements the company was to deal with him alone.

200. Up to the end of the year, this arrangement appears to have worked satisfactorily and no further trouble has been reported.

New Surveys.

201. During 1922 the Anglo-Persian Oil Company had expressed a desire to send a geological survey party to Fars to survey more extensively likely oil-bearing areas. The Persian Government accorded the necessary permission, and during the summer of 1923 a survey of Western Fars was made.

202. In the autumn a further large party of surveyors came out and divided up into nine smaller parties. They made their headquarters at Kazerun and began to carry out surveys of Western Fars up to the borders of Behbahan, as well as the country which encircles the winter quarters of the Dareshuri and Mannasenni tribes.

203. The company requested permission also to send a survey party to a point some thirty miles south-west of Khorremabad in Luristan, but in view of the military operations being undertaken there, the Persian Government requested the company to delay sending the party until the pacification of Luristan had been completely carried out, which it was hoped would be accomplished in the spring of 1924.

Northern Oil.

204. In January the Anglo-Persian Oil Company, having heard that this concession was being offered to an American company named the International Barnsdall Corporation, proposed to reassert its rights under the Khoshtaria concessions and asked for His Majesty's Government's support. The latter requested the views of His Majesty's Minister, who replied that, in his opinion, it would be better that His Majesty's Government should lie low, that it was for the Standard Oil Company to oppose the grant of the concession to other companies, and that, in any case, the Persian Government were not yet free to make such offers because the conditions governing the offer of a concession were still under discussion in the Majlis.

205. In June the Bill was passed. It is too long (thirty-two clauses) to be adequately summarised within the limits of this report, but it may be said that it authorises the Government to negotiate with an independent American company for the concession of four out of the five northern provinces, the fifth being reserved for Persian exploitation unless the Government should eventually decide to grant it to a foreign company, in which case the concessionaire of the other four provinces would have a prior option; a loan of not less than 10,000,000 dollars is stipulated for, and there are clauses governing the distribution of the shares of the company or companies to be formed by the concessionaire.

206. In November rumours were current, and found utterance in the press, that the Sinclair Company were prepared to accept the Majlis' conditions. The attitude of the Anglo-Persian Oil Company appears to have been somewhat undecided at this juncture, and indeed, there was some reason to hesitate to join with the Standard Oil Company in sinking capital in the venture; the existence of oil in paying quantities was not yet proved, and it seemed obvious that it could only reach world markets as a result of some agreement with the Russian Government which would naturally have to consider the interests of the Baku oil-fields. In these circumstances, it seemed that the wisest course would be to procrastinate and to endeavour, in conjunction with the Standard Oil Company, to fend off the Sinclair Company's efforts to secure the concession.

207. On the 23rd December His Majesty's Minister learned, though no official announcement had yet been made, that the concession had been granted to the Sinclair Company, which agreed to the Majlis' terms. He was also privately informed that this company had a dominant interest in the Barnsdall Corporation, mentioned above, which had for the last eighteen months been operating profitably in the Baku oil-fields by an evasion of the agreement between leading oil companies not to exploit expropriated private properties in Russia.

*Tunakabun Timber.**Richards's Claim.*

208. In 1913 Mr. J. P. Richards, a British subject, then known as Reichardt, negotiated with Sipahsalar Azam, then Sipahdar Azam, for the right to exploit the timber on the latter's properties in the Tunakabun district of Persia. In view of the terms of the Anglo-Russian Agreement of 1907, he agreed to transfer such rights to a Russian institution, the Banque d'Escompte de Perse, with which bank he made an agreement in January 1914.

209. As stipulated by this agreement, he made a contract with Sipahsalar Azam, by virtue of which he acquired the timber rights in question. This contract, made in May 1914, and transferred by him in that month to the Banque d'Escompte, provided that the exploitation should be commenced within a period of three years—a later clause dealing with the possibility of the intervention of *force majeure*.

210. Mr. Richards then went to Europe and completed the execution, on his side, of the conditions of his contract with the Banque d'Escompte, by acquiring, and transferring to the said bank in July 1914, certain prior timber rights in Tunakabun and adjacent districts in Northern Persia, which had been ceded previously to certain Austrian subjects. He thus completed his part of the agreement—but corresponding obligations binding upon the Banque d'Escompte were not fulfilled by the latter. Mr. Richards remained in Russia, where he was engaged in various enterprises during the period of the Russian participation in the war, after which he went to England, where he eventually interested the Imperial Bank of Persia in his timber rights, on the strength of which he obtained a personal loan, giving the bank the option of purchasing these rights and financing the exploitation

of the timber in question, if and when the Persian Government admitted the validity of his contention that the transfer of his rights to the Banque d'Escompte had lapsed.

211. Mr. Richards wrote to the Bank of Iran, now in possession of his original contract with Sipahsalar Azam (which had remained in the archives of the Tehran branch of the Banque d'Escompte, taken over by the Bank of Iran), requesting that bank to deliver the document to him, unless it were prepared to proceed with the exploitation and fulfil the other obligations entailed by the contract. No definite answer was made by the Bank of Iran, and the Imperial Bank of Persia took up the correspondence, on behalf of Mr. Richards, in May 1923, reiterating his claim that the Bank of Iran should either restore the document or comply with its conditions. In spite of constant pressure applied by the Imperial Bank of Persia to the American advisers in charge of the Bank of Iran throughout the year, it has been impossible to persuade the latter to deliver the document, which the Persian Government claim to be their property. Their grounds for assuming this attitude are that, by the terms of the Perso-Russian Treaty of 1921, the Russian Soviet Government, in the opinion of the Persian Government, surrendered to the latter all the assets of the Banque d'Escompte, and that consequently the rights disposed of by Mr. Richards to that bank have become the property of the Persian Government. On the other hand, the Bank of Iran does not apparently consider itself bound to assume the Banque d'Escompte's liabilities in the matter, and will not answer the Imperial Bank of Persia's question as to whether it intends to proceed at once with the development itself.

212. The present American director of the Bank of Iran has stated privately, both to the Imperial Bank of Persia and to the Legation, that the Ministry of Public Works has protested the validity of Sipahsalar's firman, under which the rights acquired by Mr. Richards are held—that the Council of Ministers has examined the question and supported the refusal to deliver the document in question—and has hinted that other negotiations for the development of the property are in progress.

213. Although the Persian Government thus withholds the original document claimed by Mr. Richards, the latter maintains his right to the privileges conferred by the said contract, and has decided, moreover, to endeavour to recover from the Russian Government the other original documents delivered by him to the Banque d'Escompte in July 1914, and to insist upon the fulfilment, by any party claiming the privileges accruing to the bank under the original contract, of the liabilities arising out of the same. Meanwhile the American director of the bank has promised the Legation informally to do his best to obtain permission to deliver a certified copy of the original document in his possession to the Legation, the copy being compared with the original by His Majesty's vice-consul in the presence of a Persian official, and a certificate of its correctness being furnished by both parties.

214. There is reason to believe that the Sinclair Oil Company, with the active support of the American vice-consul in Tehran, is endeavouring to obtain the rights claimed by Mr. Richards from the Persian Government direct, presumably in conjunction with its recently acquired northern oil concession.

Wireless.

215. As far as His Majesty's Minister has been able to ascertain there have been no definite developments in the direction of the grant of a concession for the erection and operation of wireless stations in Persia. As recorded last year, the Imperial Bank of Persia made an offer to the Persian Government on behalf of the Marconi Company, but this has met with no response. The Indo-European Telegraph Company also offered to erect a transmitting station at its own cost, subject to a guarantee of a reasonable rate of interest, but it has not pushed the offer. In November the "Times" reproduced from the Russian press a statement that a Russian company had concluded an agreement with the Persian Government, and His Majesty's Minister was instructed to remind the Prime Minister of the prior British applications. His Highness, in reply to an enquiry, stated, however, that there was no concession; apparatus had simply been purchased for operation by the Persian army. His Majesty's Government therefore agreed that there was not sufficient ground for the protest contemplated.

216. In July the Persian Legation in London enquired of the Foreign Office whether a foreign Legation was permitted to set up a transmitting and receiving apparatus for its own use, and the Foreign Office replied that there would be no

objection to the erection by the Persian Legation of a receiving set, but that a transmitting set could not be allowed.

217. On the 22nd December His Majesty's consul-general at Meshed reported that the arrival of two signallers at the consulate had been reported to Tehran by the Karguzar, and that the Ministry for Foreign Affairs had enquired of the latter whether the wireless apparatus there had been set up before or during the war. No more has been heard of the matter.

VI.—POSTS AND TELEGRAPHS.

Telegraph Negotiations.

218. After persistent pressure the Persian Government were at last induced to open the general negotiation foreshadowed in last year's report. Formal meetings with the Minister and Under-Secretary of Posts and Telegraphs were held at the Legation on the 28th May and the 11th June, and, as a result of these and of other discussions and correspondence, progress was made in some of the questions, as will be seen below, though absolute finality was not reached in any of them.

Arabistan.

219. The Persian Government agreed in principle that a representative of the Irak Telegraph Department should come to Tehran to draw up with the representatives of the Persian Ministry of Posts and Telegraphs a limitrophic agreement for the regulation of correspondence between the two countries and to discuss any other telegraph matters affecting Irak. The Persian Government would also consider the purchase of the line connecting Mohammerah and Abadan, and expressed willingness that Indo-European Telegraph Department operators should be stationed in those offices. It was, however, difficult to press this matter in consequence of the situation created by the "exodus" of Persian ulama from Irak, and no further progress was made.

Tehran-Hamadan-Khanikin.

220. His Majesty's Government decided to suspend the exercise of the Indo-European Telegraph Department's right to resume control of the line for the present, but to claim reimbursement of their expenditure on reconstruction of the line between Khanikin and Hamadan. This was calculated at £20,000, but the claim was reduced to £10,000, provided that the Persian Government withdrew their counter-claim, mentioned below. The Persian Government pointed out that they had been put to considerable expense by the construction of their line from Kerind to Kasr-i-Shirin, but offered to buy the British line from Kerind to Khanikin at a reasonable price, which they estimated at not more than £1,800; they refused to consider any further claim, and themselves put in a counter-claim for 60 gold centimes per word of public messages said to have been sent by British military operators during 1918-21. His Majesty's Legation was authorised to reduce the British claim to £5,000, and eventually even to £1,500, but this only on two conditions: (1) the satisfactory settlement of all the telegraph questions, and (2) the abandonment of the Persian Government's counter-claim. It is possible that the latter condition will be fulfilled, especially as the claim would probably be difficult to substantiate and the total amount impossible to calculate owing to the absence of records; but we are not yet in sight of fulfilment of the former condition. The only hope at present seems to be that the Persian Government may be induced to raise their offer for the Kerind-Khanikin section to such a figure as His Majesty's Government might consider sufficient compensation for their expenditure on the whole line.

Hamadan-Kazvin.

221. No progress has been made with this claim, the Persian Government maintaining their point of view that it is no concern of theirs. The Ministry of Posts and Telegraphs was of opinion that it would have to be submitted to the Majlis, which would almost certainly reject it.

Meshed-Seistan.

222. In view of the uncertainty of obtaining complete satisfaction in all the other questions, His Majesty's Minister thought it well to claim reimbursement

of the British expenditure on this line, and the Persian Government offered to pay 40 per cent. thereof; they also agreed to give the desired assurance that it would not fall into other hands. Agreement having thus been reached in principle, the Persian Government requested that this question should be settled separately from the other telegraph questions; His Majesty's Government agreed, the official notes to be exchanged were prepared and approved by both parties and were on the point of being signed, when, in October, the Persian Cabinet fell. Before the matter was taken up with the new Government, a fresh point came to light, viz., the right of the Indo-European Telegraph Department to handle British official messages on this line through signallers of their own stationed at Meshed and Seistan, and, if necessary, Birjand. The Indo-European Telegraph Department had exercised this right for some years before the war, but it was apparently based only on the consent given by the Persian Ministry of Posts and Telegraphs in 1903 to the stationing of two signallers from India at Seistan to deal with the correspondence of Colonel McMahon's special Boundary Mission; and it was then considered desirable to have the right recorded in notes. This gave rise to further negotiation with the Persian Government, which was still in progress at the end of the year, but with every hope of success.

Henjam-Bunder Abbas.

223. It was decided to present a Bill for the cost of construction and half the maintenance charges. The Persian Government agreed to settle the claim "in accordance with the agreement of 1905": it has been necessary to explain to them how the agreement only referred to the cost of construction and not to maintenance charges, because it had assumed that the line would be taken over by the Persian Administration immediately after construction in 1905. The consequent discussions, and the usual procrastination, have delayed settlement.

Kerman-Bunder Abbas.

224. It was decided to abandon the construction of the Lingah as well as the Jask branch. The Persian Government agreed in principle that a fresh agreement should be concluded accordingly. A draft was being prepared omitting all mention of these branches, but otherwise following the provisions of the unratified agreement of 1920, when the Indo-European Telegraph Department realised that those provisions would entail a considerable financial loss for the Department over the cost of construction materials, because they had not taken into account the fact that the rupee-kran rate of exchange at the time of construction was abnormal. This involved careful reconsideration and the preparation of an entirely new draft, which was just ready at the end of the year, but had not yet been submitted to the Persian authorities.

225. In addition to the questions mentioned above, which were all dealt with in last year's report, the following were also discussed with the Persian Government during the past year:—

Central Persia Line Buildings.

226. In 1920 His Majesty's Government had proposed to the Persian Government that the capital expenditure incurred on these buildings should be added to the capital cost of the construction of the line, and recovered from the Persian Government as part of that cost according to the convention of 1901; and that the recurring expenditure on hire and repair of buildings should be recovered from the Persian Government by the Indo-European Telegraph Department, through the terminal rate and traffic account. No reply was received to the Legation's note making this proposal, nor to a reminder sent in September 1922. The matter was accordingly brought up by His Majesty's Minister at the meetings above mentioned; the Persian Government admitted liability and agreed to the first part of the proposal; discussion is still proceeding as regards the method of recovery of expenditure on hire and repairs.

Central Persia Line Establishment.

227. Under the convention of 1901 the salaries and allowances of the men employed on the construction of the line are recoverable from the Persian Government. It had been decided to present this to the Persian Government as a separate claim, not included as part of the capital cost, on which an annual rental of

4 per cent. is paid to the Persian Government; but this claim had not hitherto been presented. His Majesty's Minister presented it at the meetings; the Persian Government did not deny liability, but the method of recovery is still under discussion.

Arabistan Lines: Cost of Construction.

228. Under the agreement of 1913, £5,000 of this expenditure (the total of which amounted to £25,690) was to constitute a grant to Persia, and the balance of £20,690 a debt due from her. Arrangements have been agreed upon by which £19,600 will be recovered during the period covered by the agreement, i.e., up to January 1945. There will then be a balance still due from Persia of £11,090, regarding which no arrangements have been made. His Majesty's Minister called attention to this question at the meetings, but it was agreed that it need not yet be dealt with.

Indo-European Telegraph Department: Proposed Disposal to a Company.

229. In his first telegram of the year under review the Secretary of State asked for the views of His Majesty's Minister on a proposal of the Government of India to dispose of the business of the Indo-European Telegraph Department to a company. Sir P. Loraine strongly deprecated the idea, pointing out the difficulty of securing the transfer to a company of the department's rights under the conventions with Persia, who would seize the opportunity to cancel the department's concession and escape from unratified agreements. The only result would probably be loss of prestige and a further complication of the outstanding telegraph questions. The Foreign Office took a similar line in replying to the India Office, and the proposal appears to have been dropped.

Russo-Persian Postal and Telegraph Conventions.

230. In pursuance of article 21 of the Russo-Turkish Treaty of 1921, postal and telegraphic conventions were concluded between the two countries and signed at Moscow on the 25th April, 1923, coming in force three months later, i.e., on the 25th July. To each convention is also attached a declaration making it applicable to the Transcaucasian republics, the latter forming with Russia a single postal and telegraphic unit. Both conventions provide for transit, as well as for terminal, traffic, and the Russian channel for correspondence between Persia and Europe has thus at last been reopened.

231. By the Telegraph Convention a reduction was made in the Persian terminal rate for messages exchanged with Russia by stations worked by the Indo-European Telegraph Department. As the Persian Government had made no agreement to this effect with His Majesty's Government, in accordance with the Anglo-Persian Telegraph Agreement of 1872, His Majesty's Government decided that the department should continue to debit Persia with the same rates as before; moreover, it appears that the Persian Government had no intention of attempting to make any change in the proportion of the rates payable to the department.

Southern Post Offices.

232. In last year's report the section on this question concluded with an allusion to the unfortunate reference to Bahrein in the minutes of the conference at Bushire, which drew up the agreement for the transfer of the British post offices in Southern Persia to Persian administration. This was to cause much trouble in the first quarter of 1923. Believing, on expert local advice, and with considerable reason, that it would be difficult to secure the ratification of an agreement explicitly reproducing the Persian Government's assurances regarding the maintenance of European direction of the postal service, the Indian delegate merely attempted to secure the object in view by a passage in the seventh article of the agreement, providing that the latter should be carried out "in the spirit of the deliberations which preceded it, and which are reproduced in the proceedings" of the conference. The *procès-verbal* of the proceedings, including the Persian delegate's formal assertion of Persian sovereignty over Bahrein, might thus be regarded as an integral part of the agreement, and, as soon as the text had been examined by the Indian and British Governments, His Majesty's Minister was instructed to demand an amendment of the article, or an exchange of notes, which should make it quite clear that this was not so, while at the same time confirming the assurances above mentioned. This

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called for the most strenuous personal efforts of the Minister, the Persian Government obstinately refusing, for Parliamentary reasons, to alter the text, while at the same time urging the bad impression which would be made on public opinion by any delay on the British side in carrying out the agreement. The date fixed for the closure of the British offices (31st March) came nearer and nearer, an extension of ten days was agreed to, and finally His Majesty's Minister decided that further delay would merely make matters worse. He accordingly recommended the immediate execution of the agreement, and the offices were closed on the 13th April. The Minister's tactics proved wise, for a few days later he received an oral assurance, followed by a note from the Persian Government, which could be regarded as an adequate confirmation of the assurances and a formal dissociation of the *procès-verbal* from the agreement.

233. This, however, was not the only trouble. The Majlis had passed a foolish law prohibiting the export of specie, and even its transport by sea from one Persian port to another. The effect of this was to render unworkable the money-order service of the southern post offices, and it became evident that the only remedy lay in a repeal or amendment of the law. Fortunately the amateur economists of the Majlis were brought to reason just in time to amend the law before the closure of the session on the 22nd June, but only after ceaseless representations by the Minister to the Persian Government.

234. It cannot be said, however, that all is now well with the money-order service, for the Persian Administration, new to this branch of operations, has proved totally incapable of dealing with the business provided by the huge staff of the Anglo-Persian Oil Company; a dozen Persian clerks have failed to cope with the work formerly done by three Indians, and the company has been obliged to do most of it for them, engaging additional staff for the purpose. There are also other complaints of inefficiency in the new Persian service, both at Mohammerah and at Bushire. On the other hand, at smaller places like Bunder Abbas, Ahwaz and Lingah, while there are still some complaints, considerable improvement is apparent, and His Majesty's Resident and consul-general at Bushire pays high tribute to the industry and energy of the Belgian Inspector-General of the Southern Posts, M. Chauviaux.

235. The ratifications of the agreement have not yet been exchanged. The Irak Government ratified it at once, and the Indian Government was prepared to do so as soon as the difficulty with regard to article 7, mentioned above, was settled; but, as the Majlis had not reopened by the end of the year, ratification by Persia is still delayed.

VII.—TRADE.

236. The burden laid upon trade by the levy of road tolls before the construction of proper roads, which affects more particularly the British trade with South Persia and the trade with the north of Persia, which enters via the gulf and southern ports where British interests are still supreme, has already been dealt with in the section of this report dealing with road tolls. It is necessary, however, to examine the revival of the northern routes and the growing competition which has resulted therefrom, especially from Germany and Russia.

237. Throughout the year the Persian and Soviet Governments were fitfully negotiating a commercial treaty in Moscow with very little success. As an earnest of goodwill and mutual trust both Governments, however, agreed in Tehran to return to the 1903 tariff on Persian and Russian goods for a period of four months commencing on the 1st March, 1923, with the understanding that the Commercial Treaty should be concluded within the stipulated period.

238. The result was, however, to confer a distinct advantage on certain products such as sugar, which are either of Russian origin or reach North Persia through Russia, and the Soviet Government soon interpreted the agreement to include the goods of other nations imported into Persia via Russia, which, as will be shown, are principally of German origin. In the case of the sugar, the difference between the 1903 and 1920 tariffs, to which the goods of other nations are subjected, amounts to 1½ krans a batman (equivalent approximately to ½d. per lb. at the current rate of exchange), and Russia is, therefore, in a specially favourable position for supplying Persia's considerable needs. Persia's tacit acceptance of this extension of the scope of the agreement was followed by months of fruitless negotiation for the conclusion of the Commercial Treaty, of which it was said to be the forerunner; meanwhile, the duration of the privileged period was extended for first one period of three months and then another, so that by the end of the year no treaty had been concluded.

Wonkhaus: Perso-German Trade.

239. Having concluded an agreement with the Soviet authorities at Moscow the German firm of Messrs. Wonkhaus, formerly the agents in Persia of the Hamburg-Amerika line, commenced a service of small cargo boats between Germany and the Caspian ports via the Russian canals and the Volga. The difficulties encountered at the outset were due largely to the procrastination of the local authorities and the freezing of the Volga in winter; but the service appears to be meeting with success, and there is no doubt that it is favourably regarded by Persian merchants in the north and east of the country, as it provides a faster and more reliable route for importing merchandise, especially of a bulky or heavy nature, than the southern Irak or Duzdap routes; is cheaper, and taps the German market which, during the year, was well patronised by Persia on account of the low rate of exchange, although by the end of the year importers had satisfied themselves that the benefits conferred by this last factor were largely illusory, and that German business methods were not satisfactory on account of internal conditions in Germany, and the consequent delays in delivery. As a method of recapturing the North Persian market for Germany and of providing comparatively cheap and efficient transport both for Persian imports and exports of such raw goods as cotton, wool, opium and gum tragacanth or gum arabic, the Wonkhaus service is, nevertheless, meeting with considerable success.

Transcaucasian Railway.

240. A further route for tapping the North Persian market through Trebizond and Tabriz has also revived considerably, and the Transcaucasian railways to both Julfa and Baku have added their quota to the restoration of Northern Persia's normal needs of communication with Europe.

Tabriz-Julfa Railway.

241. An allotment of 500,000 tomans from the 1924 budget for the repair of the Tabriz-Julfa line was decided upon by the Ministry of Public Works; but the line is in a ruinous condition, and trains can only run at infrequent intervals.

Duzdap Railway.

242. How far these competitors have affected the trade via Bushire, Bagdad or Duzdap it is difficult to say with any degree of certainty, although the Duzdap route is known to have lost a great deal of the ascendancy which it had acquired during and after the war, Meshed traders preferring to use the cheaper Russian sources of supply so far as these sufficed for their needs. The Irak Government, however, appears to consider its position sufficiently strong to increase the transit dues on all goods passing through its territories.

243. A further possible competitor to the Irak route appeared at the end of the year, when the Persian Government sent troops via Sultanabad, Burujird and Khorremabad to Ahwaz. The American advisers were known to be in favour of opening such an "All-Persian" trade route, and the Minister for War, Serdar Sepah, also favoured railway construction by the same way if the necessary funds could be obtained from abroad. The troops had not, however, completely cleared the country of opposition from the Lur and other tribesmen by the end of the year, and no caravans had yet begun to make use of the track which the troops had partially constructed. British firms favour this route on account of the delays and difficulties which they encounter in importing goods via Irak.

244. The extension of the Beirut-Bagdad motor services to Tehran was further contemplated by both British and French companies, the latter also desiring to establish a postal and parcels service for importing valuable and light merchandise, such as silks, velvets and similar piece-goods.

245. The Soviet Government greatly extended its trading activities in North Persia through such agencies as the Centrosoyuz, Vneshtorg, Gorstorg, Aznaft (Azerbaijan petroleum distributing agency), and Klopkom (cotton buyers), and began the purchase of both cotton and wool on such a large scale as to increase local prices largely for a time, and send all available Persian supplies to the Caspian ports. At the same time the principal sellers of cotton were induced to join the Klopkom in return for a basic f.o.b. price for their stocks at Caspian ports, and the promise of half the profits over and above this amount accruing from the sale of the cotton in Moscow. The Soviet Government also appears to place great importance in the cultivation of cotton in North Persia and in Turkestan, having devoted large sums to the encouragement of cotton growing in the latter country. It is stated in the local

Russian press that the Soviet Government thereby hopes to supply, not only Russia's needs, but also the needs of a large part of Europe within the next five years, and, at the present rates of cotton in Liverpool, the trade appears to be remunerative, as is proved by the movement of cotton to the Bombay market from East Persia which had been resumed on a small scale at the end of the year, in spite of the excessive transport rates from Khorasan to Duzdap.

246. With the goodwill and co-operation of the Soviet Government, a Georgian enterprise, in which the Central co-operatives and Government trading institutions were interested, commenced trade in Persia under the direction of M. Khoshtaria. It is not known to have achieved much success, but by the end of the year it was rumoured that it was to amalgamate all the other trading branches of the Soviet Government in Persia into a company to be known as the "Rupeto," or the Central Russo-Persian Trading Society. The Russo-Persian Bank, which M. Khoshtaria had founded, is apparently to form part of this institution, in which the Soviet Government has the controlling interest, and M. Piategorski, the Soviet director on the board of the Khoshtaria company, appears to have taken the latter's place as the principal director of the enterprise, although this cannot as yet be judged with any degree of accuracy, nor can it be said to what extent the enterprise will be purely commercial.

247. The large stocks of unsold goods which had remained either in the Persian customs warehouses or in the hands of British importers since the disastrous fall in the value of the kran in 1921 were largely liquidated or sold at reduced prices to Persian retailers, and the Manchester piece-goods trade in South Persia was helped by the recovery of the kran exchange and the large reduction in the surplus of imports

PERSIA ANNUAL REPORT, 1923 (Confidential Print 12445).

CORRIGENDUM.

DUZDAP RAILWAY.

The first sentence of paragraph 242 (p. 42) should read as follows:—

"242. How far these competitors have affected the trade via Bushire, Bagdad or Duzdap it is difficult to say with any degree of certainty. The value of trade by the Duzdap Railway increased from some 80,000,000 krans, or approximately £1,600,000, in 1922, to some 90,000,000 krans, or approximately £1,900,000, in 1923, although Meshed traders preferred to use Russian sources of supply so far as these were cheaper and sufficed for their needs."

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is equally found in the attitude of the Persian Government towards the Alliance Insurance Company, whose recognised agents in Persia, Messrs. Roditi and Co., have so far failed to obtain permission to effect fire insurance from the Persian Government on the ground that the *bona fides* and intentions of the firm are not sufficiently known to the latter.

249. In like manner, the Majlis failed to renew the lease granted some years ago to Messrs. Frank C. Strick for the exploitation of the red oxide deposits of Hormuz in the Persian Gulf, preferring to grant the lease to a rich and intriguing Bushire merchant, Hajji Muin-ut-Tujjar, who first endeavoured to obtain American assistance for the development of the mines, and, failing to do so, offered the ore to Messrs. Frank Strick at an enhanced rate far above ruling prices in London and New York. The latter, having secured the lease of certain deposits on territory outside Persia in the Persian Gulf, refused the offer, and the concessionaire is not known to have secured any other customers. The resultant loss to the Persian Government will doubtless not be inconsiderable, as the concessionaire is known to maintain that the Persian Government are indebted to him and to intend to deduct these large debts from the price which he had covenanted to pay the Persian Government for the lease of the mines.

250. Such instances could be multiplied to prove that Persia does not yet realise the methods she must use if she is to attract sound foreign capital for the development of her mineral and other resources, as she undoubtedly wishes to do.

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247. The large stocks of unsold goods which had remained either in the Persian customs warehouses or in the hands of British importers since the disastrous fall in the value of the kran in 1921 were largely liquidated or sold at reduced prices to Persian retailers, and the Manchester piece-goods trade in South Persia was helped by the recovery of the kran exchange and the large reduction in the surplus of imports over exports which had been the feature of previous post-war years. The competition of Italy, Belgium and Germany was more severely felt in North Persia, and particularly in Azerbaijan, the influx of goods via the Volga route resulting to a large extent in the overstocking of a market which was prevented by the prevailing penury of the Persian Government from being at any time active.

248. Extensive grant of credits and willingness to copy patterns and to allow full discounts on small trial orders was the feature of such competition, as opposed to the more conservative methods and attitude of British manufacturers, with the result that the latter lost a certain amount of what trade there was, even British merchants being forced to turn largely to Milan and Brussels in place of Manchester. Nor could advantage be taken of the Trade Facilities Act, owing to the absence of proper security and to the harmful system of concessions and monopolies which prevails in Persia, and is rather on the increase than the decrease as the country wakens to the necessity of industrial expansion for supplying her own wants. Having no large capital or security of tenure, the Persian merchant and investor cannot himself establish industries on any large scale, and the foreign investor is prevented rather than encouraged to fill this want by prevailing conditions and by the attitude of suspicion towards foreign enterprise engendered chiefly by ignorance or a narrow conception of self-interest on the part of the ruling classes. An example is readily found in the attitude of the Persian Government towards the Alliance Insurance Company, whose recognised agents in Persia, Messrs. Roditi and Co., have so far failed to obtain permission to effect fire insurance from the Persian Government on the ground that the *bona fides* and intentions of the firm are not sufficiently known to the latter.

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250. Such instances could be multiplied to prove that Persia does not yet realise the methods she must use if she is to attract sound foreign capital for the development of her mineral and other resources, as she undoubtedly wishes to do.

VIII.—CONSULAR AFFAIRS.

Consular Fees.

251. During the year 1923 the total consular fees collected at the Tehran vice-consulate amounted to—

	£	s.	d.
March quarter	47	5	6
June quarter	44	3	1
September quarter	36	1	6
December quarter	61	16	3
Total	189	6	4

as compared with a total of £200 6s. 6d. for the preceding year.

252. A considerable proportion of the fees collected was for transit visas through Irak. In view of the difficulties of travelling through Russia, and of the satisfactory working of the desert route from Bagdad to Haifa or Beirut, a large number of Persian and foreign travellers take advantage of the facilities offered by the latter route.

253. Owing to the fact that a great deal of time and trouble is spent by consular officers in Persia, especially in Tehran, over disputes, claims, and other litigation in the Persian courts, on behalf of British and British Indian firms and subjects, for which services no consular fees are charged, it is proposed to recommend to His Majesty's Government that for every consular attendance in court in such cases a suitable fee be charged. The question is at present under reference to provincial consulates for fuller information, and will be brought up at an early date. Every effort has been made to adhere closely to the regulations governing the charging of fees.

Births, Deaths and Marriages.

254. The registers show the following entries:—

Births	2
Death	1
Marriages	6
Lex Loci marriages	Nil

Extension of Three Months' Validity of Notice of Marriage.

255. In the case of one marriage in the consulate-general, i.e., that of Miss Winifred Mary Elizabeth Ives to Mr. Leonard Charles Barker, of the Indo-European Telegraph Department, the special sanction of His Majesty's Secretary of State for Foreign Affairs was obtained for the extension of the period of three months within which the notice of marriage is normally valid.

Marriage of Mr. R. J. Cross with a Persian Woman (Mussulman).

256. In September 1923, Mr. R. J. Cross, a British subject, who had adopted the Shia faith, applied to His Majesty's consul at Shiraz for the registration of his wife, a Persian woman (Mussulman), to whom he was married by a mullah, according to the rules and rites of the Shia faith, as a British subject. He also applied for the solemnisation of his marriage to the woman in the British consulate.

257. In view of the consular instructions prohibiting a consular officer from solemnising a marriage of parties who profess a religion which recognises polygamy or concubinage, His Majesty's Minister rejected the application for his marriage in the consulate.

258. The question of the registration of his wife as a British subject was referred to the Secretary of State, who has ruled that, as the marriage according to the Shia faith has apparent local validity, the woman may be registered as a British-protected person on a red card.

259. It is of interest to quote here a clause of the Persian Nationality Law of 1317 A.H., which deals with the marriage of Persian subjects (women) to foreigners. The clause, No. 11, in translation reads:—

"Persian women connected in marriage with foreign husbands are excluded from Persian nationality, but after the death of their husbands, or after being

divorced, they can resume Persian citizenship by merely offering an application and request to the Persian Government. If they decide to change subsequently their nationality, they are bound to abide by the usual terms."

Marriage of Miss May Lyall Jackson to Farid-es-Sultaneh.

260. Miss Jackson, a British subject, was married to Farid-es-Sultaneh, a Muhammadan Persian subject, in the Persian consulate-general in London. The question of the validity of this marriage was raised by the British partner thereto, and His Majesty's Government requested the decision of the Persian Government as to the validity of the marriage according to Persian law. Mussadik-es-Sultaneh, Persian Minister for Foreign Affairs at the time, in a note to His Majesty's Minister, stated that marriages according to Islamic law had no special ceremonies or proceedings, and, subject to the affirmation and consent of both parties, the marriage contract can be executed, to which all legal effect is given by the mutual avowal of both parties before a mujtahid or a Government representative anywhere, and that, therefore, the fact that Miss Jackson and Farid-es-Sultaneh appeared before the Persian consul-general, and mutually agreed to their being united in marriage, and the issue of a certificate to that effect by the Persian consul-general, are acts collectively sufficient to legalise the union according to Islamic law.

Treatment of Persian Wives married to British Indian Subjects.

261. The Persian Government have drawn attention to a practice, alleged to be prevalent, of Indians and Hazaras marrying Persian women, particularly in East Persia, taking them to India and there deserting them and abandoning them to prostitution. The Persian Government had indeed issued orders to provincial Governors to prevent the passage of Persian women to India, who had married Indians and Hazaras. His Majesty's Minister pointed out the illegality of the latter order, which was withdrawn, but at the same time the necessity for the prevention of this deplorable practice was recognised.

262. In view of the fact that it is not the custom for the legal wives of British Indian subjects to be registered at His Majesty's consulates in Persia at the same time as the husband, and the facility with which a Mussulman husband can divorce his legal wife, obvious difficulties stand in the way of the absolute prevention of the practice.

263. The complaints of the Persian Government have been brought to the notice of the Government of India, and in the meantime His Majesty's Minister has instructed His Majesty's vice-consul at Duzdap to exercise supervision, as far as is possible in the passage of such women to India, with a view to the prevention of women who have only contracted a temporary marriage accompanying their temporary husbands to India. Women in this category are probably more liable to early desertion without redress than women who have contracted a more permanent union.

Passports and Visas.

264. During the year under review the following passports were issued:—

- (1.) To British subjects: thirty-six British passports.
- (2.) To Danish subjects: one temporary British passport.
- (3.) To Czechoslovaks: two temporary British passports.

As regards (2) and (3), these were issued to enable the bearers, who were under the protection of His Majesty's Legation, to return to their homes. The passports were made good for the single journey only and their validity was limited to six months, the passports to be handed in to the proper authority on arrival of the bearers at their destination.

265. Three hundred and ninety-four transit and ordinary visas were issued during the year.

266. With reference to the annual report for 1922, the special arrangements for the issue of pilgrim passes at low rates for pilgrims to the holy places of Irak have now been adopted at Bushire.

267. The scale of visa fees applicable by His Majesty's consulates to Persian passports, viz., 10 gold francs for an ordinary visa and 1 gold franc for a transit visa, has now been adopted on a reciprocal basis by the Persian Government.

Duzdap.

268. Consequent on representations made by the Persian Government, the international passport system was in June 1923 introduced at Duzdap on a reciprocal basis. Persian subjects entering Duzdap or leaving that place for India are required to possess Persian passports visé by a British consular officer in Persia. Similarly British or British Indian subjects entering Persia via Duzdap are required to have passports.

269. Exception is made in the case of Persian and non-Persian residents in Duzdap not in possession of passports, and local tribesmen who are issued with a "rahdari," in lieu of passport, by the British vice-consul at Duzdap. The charge for such a "rahdari" has been fixed by the Government of India at 1 rupee.

Naturalisation.

270. In two cases the Persian Government recently adopted the attitude that the Persian Nationality Law does not allow them to recognise the claim of British subjects of Persian origin or descent to enjoy their rights as British subjects in Persia because they had not complied with the clause calling on them to obtain the permission of the Shah to change their nationality.

271. The first instance concerns two British subjects named Nemazi, father and son. The father, Hajji Muhammad Hassan Nemazi, was naturalised in Hong Kong, where he is a well-known trader in opium, and shipowner. The son, Ahmed Nemazi, was born in Hong Kong, and both are certified by the Governor of Hong Kong to be fully naturalised British subjects, although it is not certain as yet whether his naturalisation certificate is restricted to Hong Kong or is imperial. Father and son on entering Persia were deprived of their British passports, apparently issued at the Passport Office in London in September 1922, and forced to take out Persian passports. The return of the confiscated British passports has been asked for, but so far without success. The contention of the Persian Government in so far as the national status of the father is concerned appears to be correct. He was born in Shiraz and was naturalised in Hong Kong without previously obtaining the sanction of his Sovereign. The son, however, born in Hong Kong, is a British-born subject, and the Persian Nationality Law does not appear to govern such a case. The attitude of the Persian Government, however, is that as the father is according to Persian law still a Persian subject, his son becomes *ipso facto* a Persian subject.

272. The second case is similar though it does not involve the question of any confiscation of passports. It concerns the British Indian firm of Isfahani and Sons of Calcutta. As a result of a claim brought by the firm against the Persian Government for highway robbery of goods, the Persian Government contested the right of the firm to the status of British subjects and claimed the firm to be Persian and the members of the firm to be Persian subjects.

273. Briefly the history of the firm is as follows: Just upon 100 years ago Hajji Muhammad Hashem Isfahani emigrated to India and became a naturalised British Indian subject. His son, Mirza Muhammad Sadik, accompanied him and likewise became a naturalised British Indian subject. They both settled in India for good. Mirza Muhammad Sadik had a son, Hajji Mirza Mehdi, born in Bombay, and consequently a British Indian-born subject. When grown up he founded the firm of Hajji Mirza Mehdi Isfahani and Sons, with offices in Madras, Calcutta and Bombay. The firm is a registered British Indian firm, founded in India, capitalised in India and governed by Indian law. Hajji Mirza Mehdi had a son, Mirza Hashem, born in Bombay, and the latter had a son, Mirza Ibrahim, born in Madras. The last named is the representative of the firm in Tehran. The above details were furnished to the Persian Government, and at the close of the year the question was still the subject of correspondence between His Majesty's Legation and the Persian Government.

*Consular Representation.**Duzdap.*

274. In May 1923 Captain Hoskins assumed the duties of His Majesty's vice-consul at Duzdap, under the superintendence of His Majesty's consul for Seistan and Kain. He is assisted by an inspector of police, who will work under him for passport and intelligence work.

Arabistan and Dizful.

275. From 1912 to 1914 His Majesty's Government was represented in Arabistan by political officers (appointed by the Government of India), whose headquarters were at Dizful. During 1914-15 the post was vacant. In 1915 a mission, headed by Mr. Soane, was despatched by the political authorities at Basra to Luristan. Mr. Soane established himself at Dizful and became the dominating authority in the district. For military and political reasons it was found necessary to take over the entire government of the town of Dizful and the surrounding district, and this state of affairs continued until the end of 1921. In the autumn of 1920 the designation of the Dizful office was changed from "assistant political office" to "vice-consulate." At the end of 1921, as mentioned above, the entire control of the administration of Dizful and district was handed over to the Persian authorities, and the duties of the British officer became purely consular.

276. In 1922 a Persian consular agent was, as a temporary measure, appointed to reside at Shushtar, the headquarters of the Governor-General of Arabistan. In February 1923, at the urgent request of this official, His Majesty's vice-consul at Dizful, Major Hinde, was instructed to transfer his office from Dizful to Shushtar, and the consular agent at the latter place was ordered to move his headquarters to Dizful.

277. In view, however, of the radical change that had taken place in the political situation in Arabistan since the resumption of control in that region by the Central Persian Government, together with the urgent need for economy of public funds, the continued necessity and advisability of consular representation in Dizful and Shushtar came under review. As a result, the Political Resident in the Persian Gulf in February 1923, after consulting the Anglo-Persian Oil Company and obtaining views of Sir Arnold Wilson, submitted proposals to the Government of India, which were in effect that (1) the post of consular agent at Shushtar be abolished and (2) that the vice-consul, Dizful, now resident at Shushtar, should remain temporarily at the latter place, and then relieve the consul at Ahwaz during the summer of 1923 when the latter made his summer tour. These proposals were given effect to in May 1923. Subsequently, in June 1923, the Treasury urgently pressed for the complete closing down of the Dizful vice-consulate and Shushtar agency. This view was also taken by the Government of India, with the result that at the end of the year His Majesty's Minister informed the Foreign Office that His Majesty's consul-general at Bushire had expressed his entire concurrence in the abolition of the Dizful-Shushtar vice-consulate, and had requested formal instructions of the Government of India to that effect.

Registration.

278. The register of British subjects for 1923 shows the following figures:—

British-born subjects	...	...	103
Naturalised British subjects	...	...	3
British-protected persons	...	...	166

The latter category consists entirely of Kurramis.

Kurramis.

279. This community consists principally of the descendants of emigrants from the Kurram valley who have settled from time to time in Persia, and is very poor. A certain number are engaged in the butchery trade, and these are organised and supervised by the Kurrami butchers' office under the good offices of His Majesty's consulate-general. Apart from the local resident community a certain number of Kurrami pilgrims to Persia have found their way to Tehran. These pilgrims are as a rule in extremely poor circumstances, and very often without any satisfactory papers or passports whereby their identity and claims to protection can be verified. These people usually reach Persia via Afghanistan, and in some instances their pilgrim passes are alleged to have been taken from them by the Afghan frontier authorities on their entry into Afghanistan and replaced by a "rahdari," which states the bearer to be an Afghan subject. The attention of the Government of India has been drawn to this.

Foreign Office Tribunal.

280. During the year 1923 no consular Court of First Instance has been convened at the Tehran consulate-general.

281. A number of cases in which British subjects were concerned have, however, been before the Tribunal of the Ministry for Foreign Affairs, Tehran. At each

sitting of the court the vice-consul or his representative has been present. Most of these cases have been before the tribunal in previous years, and have dragged on without any definite result being reached.

282. The tendency of the court is to avoid pronouncing a judgment and to endeavour to refer cases to arbitration or to the decision of a committee of so-called experts. The reason for this would appear to be due to—

- (a.) Lack of legal knowledge on the part of the judges.
- (b.) Want of a commercial code of laws.
- (c.) Lack of a civil code of procedure.

As regards (a) the judges are chosen from among the ordinary staff of the Ministry for Foreign Affairs, and the examination which they are called upon to undergo includes a small amount of law, but of a purely primary nature, which by no means qualifies them for such a responsible position. As regards (b) and (c) the Persian Ministry of Justice, distinct from the Tribunal of the Ministry for Foreign Affairs, is more fortunate, as it has a very good code of civil procedure, and is about to adopt a new code of commercial law based on the French system.

283. It is proposed to adapt these codes for use in the Foreign Office Tribunal, subject to the necessary modifications affecting treaty rights and privileges. The matter has been referred to His Majesty's Government, and on receipt of their approval the question will be entered into in detail with the Persian Government.

284. The lack of any proper machinery for appeal against judgments in the tribunal has also been productive of much dissatisfaction. In such cases, where judgments pronounced have been objected to by the consular representative concerned, recourse has been had to protests by His Majesty's Minister to the Ministry for Foreign Affairs. The Persian Government have now admitted the necessity for machinery for the rehearing of cases, and have submitted a proposed draft law to govern the procedure for the rehearing of cases in which the judgment has been objected to and as a consequence has not been put into execution.

285. In certain cases judgment has been given in favour of British concerns, but has not been put into execution. This state of affairs is due principally to the laws governing the ownership of property by foreign subjects, whereby the latter are prohibited from acquiring property except in certain instances. Examples may here be quoted: Imperial Bank of Persia *versus* Amir Mukarram.

286. In 1921 judgment was given in favour of the Imperial Bank of Persia against Amir Mukarram for a sum aggregating 200,000 toman, secured on certain properties in Mazanderan belonging to the debtor.

287. The law provides that each party, creditor and debtor, should nominate an assessor, and the tribunal a third assessor, to fix the minimum value of the property. The property should then be put up to auction, with a reserve price as above; if the property is sold at this reserve price, or more, the proceeds are paid to the creditor in settlement of the debt. If the property cannot fetch a buyer it is made over to the creditor. As, however, a foreign subject is precluded from owning landed property in Persia and no buyer can be found for the property, the Imperial Bank of Persia are unable to obtain execution of the judgment.

288. In such cases the Persian Government sequesters the property, and is supposed to pay to the creditor the proceeds of the rent and crops of the property, in diminution of the debt. In practice, however, this is anything but a satisfactory arrangement, as the properties are not properly administered and the revenues are irregular and generally insufficient to meet the interest on the debt, and in general the Finance Department fails to pay any sums to the creditor.

289. A similar situation has arisen in another case in which judgment was given in favour of the Imperial Bank of Persia against Hajji Nassir-es-Sultaneh, for the repayment of a loan made by the former to the latter.

290. Another peculiar instance of Persian legal methods is illustrated by the case of Rais-ul-Islam *versus* the Imperial Bank of Persia, of which mention was made in the consular section of the Annual Report for 1922. The case has been before the Tribunal of the Ministry for Foreign Affairs since June 1921. Towards the end of 1923 the court issued a decision to the effect that as Rais-ul-Islam had had previous dealings with Abbas Khan Sadr over the property sold by the latter to the Imperial Bank of Persia, and the question of the ownership of that property at the time of the sale to the Imperial Bank of Persia was in doubt, and the court was not competent to decide between Rais-ul-Islam and Abbas Khan Sadr, two Persian subjects, therefore it was necessary for that question to be decided by the Tribunal of

the Ministry of Justice, before Rais-ul-Islam could proceed with his claim against the Imperial Bank of Persia. This unsatisfactory conclusion was only reached after two years' hearing of the case in the Foreign Office tribunal. His Majesty's Legation has protested against this inconclusive judgment, and demanded that as Rais-ul-Islam has not been able to prove his case he should be non-suited.

291. As regards criminal jurisdiction, no case affecting British subjects or protected persons has arisen during the year under review.

292. A case of assault in which three European members of the Indo-European Telegraph Department were accused of beating some Persians was arranged out of court by the payment of a small monetary compensation.

293. A number of petty complaints against members of the Kurrami community for drunkenness, street fighting, &c., have been heard and dealt with in the Public Prosecutor's Court. In all such cases His Majesty's vice-consul has personally attended the court.

294. One serious case of infraction of treaty rights enjoyed by His Majesty's subjects occurred during the year. A British protected person, by name Haim, a Jew, was the owner of a house in Tehran to which claim was laid by a Persian subject. Without any reference to His Majesty's Legation, Haim was forcibly evicted from his house with his family and his personal effects. His Majesty's Minister strongly protested to the Persian Government against this illegal action on the part of the Executive Department of the Persian Ministry of Justice and has presented a claim preferred by Haim for loss of effects resulting from the eviction and for medical expenses incurred by the female members of his family as a result of ill-treatment and shock at the time of the eviction.

295. The Persian Government has admitted the illegality of the action taken and has notified His Majesty's Legation that the various departments concerned have been warned not to repeat such acts. The Persian Government, however, disputes the claim put forward by Haim, and the matter is still under discussion.

Protection of Foreign Interests.

French.

296. The protection of French interests in Resht and Hamadan during 1923 continued to be in the hands of His Majesty's consular representatives. Greek interests, of which the French Legation has charge, were in Resht entrusted to a Greek consular agent under the guidance of the French Legation.

297. His Majesty's consul, Ahwaz, was able to render active assistance to a French archaeological mission which was captured and confined by tribesmen in Shush Castle in the month of March. From a report received from His Majesty's consul, Ahwaz, it appears that as a result of a feud between the leaders of the Sagwands and the Amleh Lurs, Ghulam Reza Khan, chief of the latter tribe, took refuge in the castle of Shush, in which the mission was installed, and brought about a state of siege. Thanks to the intervention of His Majesty's consul, Ghulam Reza Khan, mentioned above, was given a safe-conduct by the Sheikh of Mohammerah to Pusht-i Kuh, and the mission was safely evacuated on the 25th March, after some three weeks' confinement.

298. The French Legation in July asked the assistance of His Majesty's Legation in the search for a certain M. Raphael Girardier, a French citizen, reported to be in Persia. No trace of the man has been reported up to date.

Polish.

299. Polish interests in Persia are protected by the French Legation. A number of Polish citizens in Resht have applied to His Majesty's vice-consul there for assistance, issue of certificates of registration, passports, &c. All such applications were referred direct by His Majesty's vice-consul to the French Legation which dealt with them.

Czechoslovakian and Esthonian.

300. His Majesty's Legation assumed the protection of Czechoslovakian and Esthonian interests in Persia. The temporary British passports were issued to Czechoslovak citizens; (1) M. Jan Kolar and (2) M. Alois Cumpelik, to enable them to return to their country. Assistance was also given to an Esthonian citizen, Herr Nieverth, to obtain from his Government a passport.

Danish.

301. The good offices of His Majesty's Legation were also extended to Captain Ivan Lassen, a Danish subject, formerly employed in the Persian gendarmerie and latterly dismissed from Persian Government service with the other Swedish officer instructors. He was placed in touch with his brother in Poland and was given a temporary British passport to enable him to proceed to Poland.

Orders in Council.

"*The Persian Coast and Islands (Amendment No. 2) Order in Council, 1922.*"

302. In virtue of this order, the term "the maritime provinces of Persia," as defined in the third paragraph of article 1 of "The Persian Coast and Islands (Amendment) Order in Council, 1912," was extended to include the provinces of Khuzistan, Fars, Luristan, Kerman, Persian Baluchistan, and those districts by custom and for the time being included under the authority of the Persian Governor of the Gulf Ports.

*Miscellaneous.**Immigration.*

303. Application was made to His Majesty's consul, Tabriz, in October 1923, by two intending emigrants, Assyrians, Persian subjects, to Canada, for information of conditions for entering Canada. A copy of the Canadian Government Immigration Regulations (Leaflet 30A) issued by the Canadian Minister of Immigration and Colonisation in 1921, was forwarded to His Majesty's consul, Tabriz, and the applicants were advised to communicate direct with the Canadian Government Emigration Agents at 1, Regent Street, London.

Alleged Persecution of Jews in Persia.

304. Early in the year the Foreign Office transmitted to His Majesty's Minister a protest raised by the Halubzi Hamizrah Organisation at Jerusalem against the alleged ill-treatment of Jews in Persia. As no specific instances had been brought to the notice of His Majesty's Legation it was considered that circumstances did not warrant or require any intervention by His Majesty's Minister.

Applications for Certificates of Palestinian Nationality.

305. No applications were made at this consulate-general during the year.

IX.—CLAIMS.

306. It was formerly the practice for His Majesty's Legation to transmit annually to the Persian Government a list of the outstanding claims of British subjects, but since December 1918 this has not been done. When, therefore, Lord Curzon, in his despatch No. 481 of the 21st November, 1922, called for a list of all the claims of British subjects against the Persian Government, the task of compilation had become one of considerable difficulty, owing both to the lapse of time and to other reasons chiefly connected with the destruction of Legation archives and the evacuation of consulates which took place during the war. The list was, however, drawn up as accurately as possible and was sent to the Foreign Office under cover of Sir P. Loraine's despatch No. 308 of the 11th July. The claims recorded in the list amounted to: 15,736,881 krans, 95 cents; 191,396 rupees, 6 annas; £199,204 8s. 4d.; and 238 dollars. Certain other claims appeared to have been registered in London only, and His Majesty's Minister asked for their inclusion so that a complete list might be presented to the Persian Government. At the same time, he stated that in his opinion it would eventually be necessary to convene a joint Anglo-Persian commission to deal with the matter.

307. Meanwhile, in view of the Persian Government's repeated refusal to accept liability for compensation in cases of highway robbery, from which a large number of the claims arose, it was desirable to obtain a clear definition of the views of His Majesty's Government on this point. His Majesty's Minister therefore submitted to the Secretary of State a draft memorandum setting forth the general considerations which appeared to establish in principle the responsibility of the Persian Government, and enquired whether he should address to the latter a

communication in the sense thereof. The objections of His Majesty's Government to such a course were stated in Foreign Office despatch No. 378 of the 22nd August, in the concluding paragraph of which His Majesty's Minister was invited to furnish his observations in regard to the possibility and desirability of referring the claims of British subjects to an impartial international claims commission. In his reply (despatch No. 490 of the 31st October) His Majesty's Minister gave his reasons for doubting whether this solution would be feasible, and suggested that the claims of British subjects would find their best chance of acceptance if they were placed before a joint Anglo-Persian commission, sitting in Tehran, at a reasonable interval after the presentation of the complete list. To this despatch no reply had been received by the end of the year.

308. It is not possible in the space of an annual report to describe separately the different categories of claims with which His Majesty's Legation has been called on to deal in the course of the year; their number, however, runs well into three figures. Of the claims mentioned in the annual report for 1922, one, that of Messrs. Stevens and Boudaghiantz, is treated in detail below. The Persian Transport Company agreed to submit their claim to arbitration provided that certain strictly defined guarantees were first obtained from the Persian Government in regard to the appointment of the arbitrators, the terms of reference, and the execution of the award. On the 31st December the Persian Government paid, in respect of the claims of Messrs. Treadwell and Goodwin, a sum of 1,200 tomans, barely sufficient to cover the losses of one of them. In paying it the Persian Government in no way admitted their liability for compensation, but merely stated that the Ministry for War had collected whatever could be realised from the belongings of the robbers. Since it was proposed to deduct the amount of Mr. Treadwell's claim from the terminal rate and traffic account of the Indo-European Telegraph Department, the division of this sum had to await the acceptance of that account by the Minister of Posts and Telegraphs.

309. One claim appearing on the above-mentioned list was settled during the year, namely, that of Miss Oxley, matron of the Imperial Government Hospital, for her arrears of salary. These were only secured in July after His Majesty's Minister had personally harried the Persian Government for more than six months. The sum of £100 was also wrested from the Persian Government in March as compensation for an Indian sowar of the Shiraz escort wounded in April 1922 by a shot fired over the consulate wall. The Persian Government had previously denied all responsibility for compensation, and could only be induced to pay even this sum, the half of that which His Majesty's Minister was originally authorised to demand, in the form of a compassionate grant. The difficulty was overcome by the omission from the Persian Government's covering note of any reference to previous correspondence.

310. His Majesty's High Commissioner for Irak has agreed that, so long as the Persian Government refuse to recognise the right of British representatives to protect Irak subjects in Persia, it is useless to press their claims against the Persian Government. His Majesty's Minister has, however, instructed His Majesty's consular officers to notify both the local authorities and the Legation whenever such claims arise in their consular districts, and a list of Iraki claims is being compiled for future reference.

Urumia Lake (Claim of Messrs. Stevens and Boudaghiantz).

311. The history of this claim is summarised in the report for 1922, paragraphs 249-256. In 1923 His Majesty's Minister continued with unabated vigour the wearisome task of trying to obtain a settlement from the Persian Government. During the early months of the year his representations met with no response, but it then came to his knowledge that the Soviet Legation, on the ground that M. Boudaghiantz was a Russian citizen, was interesting itself keenly in the matter and bringing strong pressure to bear on the Persian Government. Realising that the latter were considerably alarmed by this development, His Majesty's Minister redoubled the pressure on his side, told them that the matter brooked no delay, and, at the end of May, sent in the firm's claim for compensation for losses, adding that either the claim must be paid or the rights of navigation immediately restored. Shortly afterwards, the Government of Mustaufi-ul-Mamalek fell, and the attack had to be renewed on that of Mushir-ed-Dowleh. At last an effect was produced and the Minister for Foreign Affairs manifested a desire to negotiate a settlement privately. When he enquired what kind of settlement the Legation required, he was informed that the restoration of the rights of navigation stood first; if the

Persian Government felt unable to do this, they must either indemnify the two associates or, if they found it inconvenient to pay down a large sum in cash, it would be admissible to grant the partners a licence without prejudice to the question of the legal rights of the Persian Government, to conduct the navigation of the lake for a fixed period of years, sufficient to assure the reimbursement, out of the profits, of the losses sustained through the arbitrary action of the Persian Government.

312. After consideration of the matter by the Cabinet, His Majesty's Minister was informed that the Persian Government preferred to make a cash payment, ostensibly to cover the purchase of the partners' lake-craft, quays, piers and other equipment, but actually calculated in order to grant them compensation. The partners, in return, were to renounce all rights whatsoever to the navigation of the lake in favour of the Persian Government. His Majesty's Minister was requested to dispose the partners favourably towards a settlement on these lines and to induce them to abate their claim, which stood at some 800,000 tomans. The reason for the choice of this alternative was the fear of the Persian Government that the Soviet Legation, through the agency of M. Boudaghiantz, whom it had thoroughly intimidated, aimed at securing a virtual Russian control over the lake. After consultation with the partners, His Majesty's Minister accepted an arrangement on the principle stated, and, after much discussion, the partners agreed to accept a lump sum down of 320,000 tomans; a formula of agreement was drawn up by His Majesty's Minister, approved by the Persian Government and signed by the two partners. It only awaited the signature of the Minister for Foreign Affairs to make it operative, but this was withheld, for the Persians' mind was seized with a fresh apprehension lest M. Boudaghiantz should have ceded his interest in the matter by ante-dated documents to the Soviet representatives. Another series of interminable discussions began, to see how the Persian Government could be safe-guarded against this hypothetical peril, but before they were completed, the Government of Mushir-ed-Dowleh fell, and the whole business had to be restarted, practically *de novo*, with that of Serdar Sepah. Acceptance of what had passed up to date was, however, secured from the new Government in principle, but still the deal could not be clinched. A formula was discovered, after some six weeks haggling over every comma, to protect the Persian Government from the putative ante-dated documents, and hopes of ending the matter rose once more, only to sink again when it became apparent that the Persian Government either would or could not find the money, that the American adviser had not been consulted, as was his right under his contract, in regard to the financial arrangements, and was sticking his toes in on the ground that the Persian Government were not getting proper value for their money and that there were neither credits nor Majlis authority for the proposed payment. This was the highly unsatisfactory position of affairs at the end of the year. Here is was not merely a case of the Persian Government neglecting to meet their liabilities, but actually of failing to carry out the very proposals which they had themselves put forward, and in selecting which, they had actually enlisted the assistance of His Majesty's Minister in protecting themselves against possible Russian encroachments.

Imperial Bank of Persia versus Mushar-ed-Dowleh.

313. This is a claim of the Imperial Bank of Persia for the refund by Mushar-ed-Dowleh, Governor of Arabistan, of some 210,000 krans, plus interest at 12 per cent., advanced to him as a loan on the 8th March, 1920. At the time the loan was given, Mushar-ed-Dowleh had given the bank a bill for 232,500 krans on Kuli Khan, his tenant at Kamarij, payable in five yearly instalments.

314. Up to date nothing has been paid to the Imperial Bank of Persia, either by Mushar-ed-Dowleh or by Kuli Khan. The harvests at Kamarij have been, during 1921 and 1922, considerably damaged by locusts, and both the tenant and the owner have pleaded inability to meet the instalments due to the bank. His Majesty's Legation is pressing Mushar-ed-Dowleh to make an arrangement for the liquidation of his debt.

Claims against Postal Administration for Loss of Parcels.

315. Elahi Bakhsh, an Indian trader, residing in Meshed, towards the end of 1922 submitted a claim against the Persian Postal Administration for the value of two parcels containing £T. 200 lost in a postal robbery between Seistan and Meshed.

316. His claim and postal receipts were submitted to the Post Office in Meshed who forwarded the receipts to Tehran. In accordance with the Persian postal regulations, such claims must be considered by a special commission in Tehran and if passed, the necessary credit is asked for from the Finance Department. This claim has not yet been met despite repeated applications by His Majesty's vice-consulate.

Mr. C. M. George.

317. On the 10th June, 1922, ten parcels, valued and insured at £70, were despatched from London to the above. The parcels were lost in the post between Bushire and Tehran. The loss has been certified by the postal administration, who has asked for credit from the Treasury to meet the claim. Despite continued representation by His Majesty's Legation, no funds have yet been found available to pay the compensation.

Hajji Mirza Mehdi Isfahani and Sons.

318. In October 1921 four postal parcels, addressed to the above firm, were robbed in the post between Bushire and Isfahan. The loss, amounting to 7,000 krans, has been admitted by the postal administration; the robber was, according to advice received from that administration, caught, and a sum of 956 tomans was realised from the sale of his property. But, despite the above result, His Majesty's Legation have, so far, been unable to obtain any settlement of the claim.

X.—MILITARY AND NAVAL AFFAIRS.

Army.

General Situation.

319. Steady progress in the strength, organisation and efficiency of the Persian national army has been made during 1923. This is due to the untiring efforts of the present Prime Minister and Minister for War, Reza Khan, whose declared policy, even since he came into power, has been to create and maintain an efficient national standing army, capable, firstly, of ensuring peace and order within the confines of Persia, and, secondly, of protecting the country from external aggression.

320. The appointment of Reza Khan to the Premiership, while continuing to hold the post of War Minister, gave the greatest satisfaction to all ranks. Officers follow the political situation with the keenest interest and see possibilities of obtaining high appointments, both civil as well as military, under Reza Khan's military dictatorship. Several high civil appointments have already been given to military officers. Politically speaking, the army is solidly behind Reza Khan and has implicit confidence in him.

321. The strength of the Persian army on the 1st January, 1924, was 41,000, an increase of 11,000 since the 1st January, 1923.

322. The divisional organisation of five divisions, with their defined divisional areas has remained unchanged during the past year, but the divisions have been renumbered as follows:—

- I. Central (Tehran) Division.
- II. Eastern (Meshed) Division.
- III. Southern (Isfahan) Division.
- IV. Western (Hamadan) Division.
- V. North-Western (Tabriz) Division.

A separate command within the Northern Division has been formed, entitled the "Northern Brigade," its area consisting of the provinces of Gilan, Mazandaran and Astarabad, with headquarters at Resht.

Army Estimates.

323. The finances of Persia during 1923 have been under the control of Dr. Millspaugh and his staff of American financial advisers. In the budget for the present Persian year, 1302, which commenced on the 22nd March, 1923, and ends on the 21st March, 1924, the sum of 9 million tomans has been allotted to the War Ministry for expenditure on the army for the year. The War Minister has received

in addition an extra 400,000 tomans to cover cost of minor expeditions. The sum total, therefore, spent on the army during the financial year 1923-24 amounts to 9,400,000 tomans, equivalent to £2,000,000. This sum approximates to the military expenditure during the previous year, but owing to the disturbed conditions prevailing at that time, it is not possible to give exact figures.

324. The peculiar position of Reza Khan, the War Minister, who has now become Prime Minister as well, and is in reality a military dictator, has enabled him from time to time to appropriate for military purposes funds that should normally belong to other Departments of State. To what extent he has done this it is impossible to say, as no records are available. Troops, however, are now regularly paid, and the American advisers have put into some sort of order the financial chaos previously prevailing in the finance branch of the army, as well as in the other Departments of State. The effective military control which Reza Khan has established over the greater portion of the country has resulted in a considerable increase of revenue from persons and property, from whom the Central Government had been hitherto unable to collect taxes, so, though the army is undoubtedly a heavy expenditure on the revenue of the country, it is only due to its existence that the major portion of this revenue can be collected.

325. The discipline of the troops throughout the year has been good, both in the capital and the provinces. All ranks take a pride in themselves and in the army to which they belong. The War Minister and his staff do all they can to foster the growth of the national military spirit.

326. Various minor expeditions conducted to effect the disarmament of the tribes have given the troops considerable practice in irregular warfare, for the most part in rugged and difficult country, and entailed long marches by certain units often under trying climatic conditions. The troops engaged in these operations conducted themselves well, and successful results were obtained.

327. Peace training, as last year, has been confined almost entirely to close-order drill on the barrack square, and to the elementary training of recruits. During July and August occasional tactical exercises were held to exercise troops in combined field training. There exercises were of a most elementary nature, as neither the staff nor the regimental officers have yet any idea how to handle troops in regular warfare.

328. The War Minister has purchased in France seven aeroplanes. These are due to arrive in Bushire in January 1924, and arrangements are being made for transporting them to Tehran by road. A few French mechanics are accompanying the machines as instructors. An aerodrome is being prepared for their reception at Tehran. Four Rolls-Royce armoured cars have been purchased in England for the Persian army, two of which have been presented by the Sheikh of Mohammerah. Arrangements have been made for the purchase in Russia of one large wireless station for erection in Tehran, and eleven subsidiary ones for the provinces. These stations are to be erected during 1924, and will be under the control of the War Ministry.

329. A Bill for conscription was presented to the Majlis by the War Minister in April, and was passed by a parliamentary committee in June. It will be one of the first measures to be dealt with by the new Majlis on its assembly in February 1924.

330. This Bill, if passed in its present form, will make military service compulsory for all Persian subjects between 20 and 45 years of age. This term is sub-divided into three parts, as follows:—

First part: six years. First three years with the colours, three years on leave.
Second part: thirteen years reserve. Six years immediate reserve, seven years second reserve.

Third part: six years "guards" (last reserve). This class can only be called out in time of war.

331. Reservists are to come up for training each year for varying periods. Determination of men chosen for service is carried out by casting lots.

332. The military schools in Tehran have been thoroughly reorganised during the past year. In order to provide the Persian army with properly trained and educated young officers, three schools have been organised. These consist of a primary military school for boys from 7-12 years of age, an intermediate military school for boys of 13-19 years, and the Cadet College. Boys pass from one to the other, finishing with two years in the Cadet College, from which they pass into the army as second-lieutenants. Great efforts have been made to organise the schools and college on modern European lines, and encouragement is given to games and

open-air exercises. Lack of good instructors is noticeable, a defect which is being gradually rectified. A school for the training of non-commissioned officers operates under the direct supervision of the General Officer Commanding Tehran infantry brigade.

Officer Students to France.

333. At the end of May a request was received from the War Minister to the effect that the Irak authorities might be asked to give transit facilities to a party of Persian officers proceeding via Bagdad and Beirut to France, to complete their military education. This party, consisting of forty-six officers drawn from all branches of the service, was under the charge of General Habibullah Khan, who at one time commanded in Azerbaijan against Simko. General Prince Amanullah Mirza, the Chief of Staff, accompanied the party. The party left Tehran for Bagdad on the 2nd June for a period of one year's study in France. General Prince Amanullah Mirza visited military institutions both in France and in England, and is now on the way back to Persia, and is expected at Bushire about the 25th January, 1924.

334. During his visit to Tehran in October, Captain Bertrand, the French military attaché at Kabul and Tehran, stated that the course of study had been considerably impeded by the fact that most of the Persian officers sent to France knew no French; the result being that steps to teach them French had to be taken before they could attend any lectures on military subjects. With a view to remedying this defect, the General Staff of the Persian army has issued instructions to officers commanding divisions to prepare lists of officers in their divisions with a knowledge of French. Articles have also been published in the military newspapers recommending officers to take up the study of French. The Persian General Staff intends to send a similar batch of officers to France every year, if funds permit.

Purchase of Arms from Europe.

335. In order to provide the reorganised Persian army with modern arms, the Persian Government have been purchasing arms from Europe during the past year. These arms have been bought (a) from the Allies, and (b) from Germany.

336. A consignment of arms purchased under heading (a) is now on the way out, and is expected to arrive at Bushire at the end of January 1924. For details of this consignment see under p. . . . During the year the War Minister has expressed his desire to buy a consignment of rifles from His Majesty's Government.

337. (b.) In August a consignment of arms purchased in Germany was landed at Enzeli from the German steamship "Enzeli," which had come from Germany by the Russian canal and river system. This comprised arms which had been bought in Germany prior to 1914, but had been held up owing to the war. It contained 1,000 carbines, 1,150 rifles, 1,800 boxes s.a.a., twenty-five automatic rifles together with various other articles of equipment. In November a second consignment arrived from Germany, partially by the steamship "Isfahan," and partially by the "Hamadan." This contained about 2,250 rifles, s.a.a. and bombs.

Operations in Azerbaijan.

Against Shahsavans.

338. The action of the Persian authorities in putting to death in December 1922 Nejef Kuli, a chief of the Alardlu Shahsavans, whom they had captured, stiffened the resistance of certain of the tribes against the Persian military. At the beginning of 1923 desultory fighting was proceeding in the Ardebil area between the tribes and the Persian Government forces.

339. With a view to preventing the raids which the Shahsavans had in former years been accustomed to make on the Tabriz-Kazvin road, reinforcements were sent to the Persian garrison of Ardebil, and a concentration made there numbering 1,250 infantry with 18 machine guns, 450 cavalry and 6 mountain guns. This show of force overawed the Shahsavans, and on the 25th February information was received from Tabriz to the effect that several of the Shahsavan chiefs had accepted the guarantee offered them by the Persian Government to come into Ardebil to tender their submission. Negotiations were carried on, and eventually all the chiefs submitted and gave assurances of their loyalty to the Persian Government.

340. Taking this opportunity of the submission of the tribe, the War Minister issued instructions to the officer commanding the North-West (Tabriz) Division to undertake the disarmament of the tribe. The object of this disarmament was twofold:—

- (a.) To ensure the future good behaviour of the tribe.
- (b.) To facilitate the future collection of the taxes.

341. The Aralu and Fuladlu sections of the tribe refused to comply with the orders of the divisional commander to hand in their arms. These sections attempted to offer resistance, and on the 26th March moved from Ardebil towards Khalkhal. A force of Government troops was sent in pursuit, and in the resulting encounter the tribesmen were completely defeated, and their leader, Amir Ashair, and his sister, Azimat Khanum, were taken prisoners. This proved to be the last attempt at resistance by the Shahsavans. The disarmament of the tribe proceeded satisfactorily, a total of 14,000 rifles of various types being obtained from the area. These were utilised by the Persian military authorities for future issue to the troops. Amir Ashair was subsequently executed by the Persian military authorities, and seven chiefs were killed in the course of the operations. Casualties to Government troops amounted to 2 officers and 100 men killed, and 8 officers and 40 men wounded.

342. *Russo-Persian Frontier Incident.*—In the month of September a serious incident occurred at a frontier post named Doman, situated between Belyasova and Astar. This post was occupied by a small detachment of Persian soldiers. Two Russian soldiers demanded the evacuation of the post on the grounds that it was in Russian territory. The Persians denied this, refused to evacuate, and arrested the two Russian soldiers, who were subsequently released by instructions from Tehran. A Russian detachment then advanced on the post, and killed the five or six Persian soldiers forming the garrison. The Persian Government protested strongly, and in order to avoid any further incident withdrew all frontier posts in this area, while still maintaining their rights to the territory under dispute. The matter was eventually settled by a mixed frontier commission.

Against Kazim of Guchi.

343. Kazim, a Persian landowner, and owner of the village of Guchi situated at the north-west corner of Lake Urumia, became a rebel against Persian authority, and his attitude forced the officer commanding the North-West (Tabriz) Division to send a small force to deal with him. His following numbered 100 men, armed with rifles, and a plentiful supply of ammunition. These occupied the village of Guchi, which resembled a small fort. A column of Persian troops, composed of 700 infantry, two mountain guns and a few machine guns, surrounded and attacked the village in December. After holding out for more than a fortnight the defence collapsed, the village was taken on the 16th December, and Kazim killed.

Operations in Persian Baluchistan.

344. The frequency of raids from Persian Baluchistan into British territory, the desire of the Government of India to withdraw British Indian detachments from the Sarhad, and the necessity for adequate protection for the Duzdap Railway should British garrisons in the Sarhad be abolished, have necessitated measures being taken to urge the Persian Government to secure proper civil and military control in Persian Baluchistan.

345. Reza Khan has expressed his anxiety to restore order in Persian Baluchistan as early as possible, a measure which is fully in accord with his general policy. The situation in the province during the past year may be summarised shortly as follows:—

- (a.) The Persian Government for the past fifteen years have ceased to exercise any authority in Baluchistan.
- (b.) Raids from Persian into British territory have been frequent, and no redress can be obtained.
- (c.) The central area of the province is ruled by an outlaw named Mir Dost Muhammad, who resides at Bampur and calls himself the King of Baluchistan, supported by an armed following of some 1,500 men.
- (d.) The Sarhad, which constitutes the northern area, inhabited by wild nomad tribes, is kept in order by garrisons of British-Indian troops at strategic points, whose presence also gives protection to the Duzdap Railway.

346. At a conference held on the 1st December to discuss the whole question of Persian Baluchistan, Reza Khan informed His Majesty's Minister that he had definitely decided to advance into Persian Baluchistan and to restore order in the province. He regarded the subjugation of Dost Muhammad and the occupation of Bampur as the main objective. He had therefore decided to operate into Baluchistan from two sides, namely, by a force based on Kerman, and by another advancing southwards from Duzdap. Owing to difficulties of transport and supply and the great distances troops had to travel, he proposed that these two columns should occupy the Rudbar area and the Sarhad respectively during the winter of 1923-24, and that, should political pressure in the meantime not be successful in forcing Dost Muhammad to tender his submission, the two forces will make a co-ordinated advance on Bampur in the autumn of 1924. In conformity with this plan a Persian force from Kerman successfully established itself in the Rudbar area by the end of December, overcoming without difficulty the slight opposition presented by the local chieftain, Zargam-es-Sultaneh.

347. A detachment of 1,500 Persian troops of the Eastern (Meshed) Division are on their way from Birjand to Duzdap preparatory to occupying the Sarhad. Reza Khan hopes to establish an effective occupation of the Sarhad by Persian troops before the end of March, which will enable British-Indian troops to withdraw before the summer commences, and will provide the necessary protection for the railway.

Operations in Luristan.

348. In conformity with his general policy of disarming the tribes and securing complete civil and military control for the Central Government over all parts of Persia, the War Minister decided in September that the time had come to deal with the Lurs, a turbulent tribe, who had for many years past flouted the authority of the Central Government.

349. It was decided to occupy Khorremabad by force during the winter of 1923-24, whilst the Lurs with their families and livestock were in the low valleys bordering Irak. On the Lurs returning to their summer quarters in the spring, Persian troops are to take up a line occupying the passes which the tribes must cross and disarm them as they pass through. A force of 4,000 Persian troops of all arms concentrated at Burujird, and occupied Khorremabad on the 17th December after several days fighting in which the Lurs lost heavily. Operations were still in progress at the end of the year.

Protection of South Persian Oil-fields.

350. The submission of the Bakhtiari chiefs to the terms of the Central Government, as a result of the terms imposed as punishment for the Shalil incident in July 1922, was followed by the despatch of a detachment of Persian regular troops to Shushtar. This step represents the commencement of penetration by the Central Government into Arabistan, with a view to gaining eventually complete civil and military control of the province.

351. The security of the oil-fields has hitherto been maintained by the Sheikh of Mohammerah and the Bakhtiari khans, whose revenues are, to a great extent, derived from subsidies received from the company. The penetration by Persian Government troops into Arabistan alarmed the Sheikh of Mohammerah, who feared the loss of his semi-autonomous position, to be followed, possibly, by loss of property, position and feudal rights, and it was clear that should hostilities take place between the Sheikh and Government troops, the result would be serious damage to the oil company's property, possible stoppage of work, and even loss of life amongst employees.

352. A series of negotiations during the summer took place between the Persian Government and the Sheikh of Mohammerah, in which His Majesty's representatives took an active share, with a view to assuring security for the oil-fields. Assurances were given to the Sheikh by the Persian Government that no steps would be taken to interfere with his position and rights, and that, far from desiring to depose him, the Persian Government desired to have his cordial support in the maintenance of order.

353. Sir Percy Loraine, accompanied by Lieutenant-Colonel Saunders, paid a visit to Arabistan in October, and were joined by Sir John Salmond, Air Officer Commanding-in-chief in Irak, and members of his staff. Sir A. T. Wilson, managing director of the Anglo-Persian Oil Company, accompanied the party to

Ahwaz from Mohammerah, and arranged every facility for a thorough examination of the oil-fields to be made. Interviews between His Majesty's Minister and the Sheikh of Mohammerah were satisfactory in allaying the alarm of the latter, and in making him decide to render cordial co-operation to the Central Government in maintaining security and order in the province.

354. Hitherto, the responsibility for providing military assistance for the protection of the South Persian oil-fields lay with the Air Officer Commanding in Irak, who had agreed to arrange for the despatch of troops in case of emergency, should such action not endanger the situation in Irak or the position of the troops left behind there. The changed conditions created by the penetration into Arabistan of regular troops of the Persian Government necessitated a revision of the plans formulated for the defence of the oil-fields, as the question has become one of Imperial responsibility. The matter has been referred to His Majesty's Government for decision.

Consular Escorts.

355. During the year 1923, no reliefs of consular escorts have taken place. In the month of July, in accordance with instructions from the Government of India, the establishment of the consular escort at Isfahan was reduced to one dafadar, one lance-dafadar, and eleven sowars. In order to effect this reduction, one lance-dafadar and three sowars were selected from among the personnel of the escort, and, together with the jemadar previously on the establishment, left Isfahan for return to their units in India on the 28th July. With a view to effecting the gradual reduction of all Indian cavalry escorts in Persia, the abolition of the Isfahan escort has been recommended, and if sanctioned, this escort will return to India during the spring of 1924.

356. The discipline of the escorts during the past year, with two exceptions in the Kermanshah escort found by the 14th P.W.O. Cavalry, has been good. The health of the escorts on the whole has been good.

357. At the close of the year, the Kermanshah escort was three men under strength, the Tehran escort one, and the Shiraz escort one man under strength. An application has been made to the Government of India to send five men in the spring of 1924 to complete establishment. As in the year 1922, men of the Tehran, Hamadan and Kermanshah escorts have been employed continually in escorting the fortnightly confidential mail bags between Tehran and Bagdad, in addition to their ordinary duties. This duty has been satisfactorily carried out.

His Majesty's Ships in the Persian Gulf.

358. The Persian Minister for Foreign Affairs unexpectedly and somewhat provocatively raised a question of considerable importance by addressing to His Majesty's Minister on the 15th November, 1923, a note, in which he protested on behalf of his Government against the reported visit of four British warships to Mohammerah and Abadan at the beginning of the month; he alleged that the entry of warships in time of peace into the "ports and internal waters" of a foreign State was contrary to international law, described the visit as "a breach of the rights of Persian sovereignty," and demanded the immediate withdrawal of the warships from the Karun River. On the 21st November His Majesty's Minister received a telegram from Lord Curzon stating that similar representations had been made by the Persian Minister in London, and that the Persian Government's peremptory demand, including as it did an entirely irrelevant allusion to the presence of ships off Abadan, had made a most unfortunate impression on His Majesty's Government.

359. Information supplied by His Majesty's consul-general at Bushire, in response to His Majesty's Minister's urgent enquiry, revealed the fact that only two of His Majesty's ships, the sloops "Crocus" and "Cyclamen," had been in the Gulf since the first week in October. From the details then available at Bushire, it was understood that although both these vessels had visited Mohammerah early in November, neither of them had remained there for more than a day. Subsequently, however, on the 3rd December, His Majesty's Minister received a further telegram from Colonel Trevor to the effect that the two vessels had, in fact, arrived at Mohammerah together on the 31st October, and had remained there until the 5th and 4th November respectively. This additional information was not held to affect essentially the issue which had by then been joined.

360. After consulting His Majesty's Government, His Majesty's Minister took up the matter orally with the Prime Minister on the 27th November. He explained that the presence of His Majesty's ships off Abadan could in no circumstances constitute a cause of complaint, since the waters of the Shatt-el-Arab were not Persian; that their visit to Mohammerah was in no way abnormal, since His Majesty's ships on service in the Gulf have entered Persian ports for over 100 years without protest on the part of the Persian Government, such visits being in accord with international usage; but, in any case, complaints and peremptory demands based on unverified and erroneous reports are unusual in intercourse between friendly States, and that the Persian Government's allusions to the infraction of Persian sovereignty were quite out of place.

361. Serdar Sepah declared that he was unaware of the Persian Government's note, and had to be convinced by dates that it was not the work of the previous Government. He promised to discover and reprimand the originator of the misleading report, and to invite Zoka-ul-Mulk to redraft and tone down his note, while His Majesty's Minister agreed that, subject to the concurrence of His Majesty's Government, the Persian Government should be furnished from time to time with the names and a brief description of His Majesty's ships doing regular service in the Persian Gulf, whereupon the Persian officials at the ports would be warned and told that the visits of such vessels are in order. His Majesty's Minister has carried out his part of the agreement, and a monthly report on the movements of His Majesty's ships is being furnished by His Majesty's consul-general at Bushire, but, up to the end of the year, no modified edition of Zoka-ul-Mulk's note had been received.

362. It appears, however, that in this, as in so many instances, the Persian's instinctive aversion from saying what he thinks has concealed a genuine and not ill-founded conviction, for in the course of subsequent conversations Zoka-ul-Mulk has adumbrated the idea that the Karun River up-stream from its confluence with the Shatt-el-Arab is a Persian inland waterway which foreign warships require special permission to enter. Mohammerah would apparently in that case be regarded by the Persian Government as a fluvial port and not as a seaport where foreign ships have access to territorial waters under the general rules of international usage. This contention has never, so far as His Majesty's Legation is aware, been officially advanced by the Persian Government, and has in practice been ignored by the officers commanding His Majesty's ships: it remains to be seen whether His Majesty's Government would consider it in any way admissible.

XI.—MEDICAL AFFAIRS.

Sanitary and Allied Affairs.

The Persian Sanitary Council.

363. The council has held its usual monthly meetings, and also some extraordinary meetings, to deal with questions arising out of epidemics in Irak. Dr. Amir Aalam has continued as president. Dr. Mesnard of the Pasteur Institute, Paris, director of the local institute, has been vice-president, and has directed the business of the council since July, when Dr. Amir Aalam left for Meshed, in a very capable manner. The "Commission de Défense sanitaire," of which the British delegate is a member, has held numerous meetings and has dealt with all important and urgent questions, the council merely confirming its decisions. The "Commission de Finance" and the "Commission de Personnel" have met as required. The Sanitary Council has been in a bad way financially throughout the year. In June the budget was five months in arrears, and the tenth part of the tax on vehicles, &c. ("Navaghel"), which was allocated to the vaccination service by the Majlis, had not been paid.

364. There have been signs that the Ministry of Public Instruction wishes to supplant the council by its health sections (see reports of April and December meetings).

365. The disappearance of the Constantinople Board of Health was notified to the council in August, and the latter recommended that its representative on the board should be appointed to the newly formed "Commission des Pèlerinages."

Epidemics.

Plague.

366. Plague appeared at Chahbeh (Mekran coast) in March, at Mohammerah in April, at Abadan and Bagdad in May. The last cases were notified in July. The outbreak at Abadan was particularly severe—481 cases with 409 deaths; that at Mohammerah 71 cases and 45 deaths. Two cases occurred at Shushtar in June. A temporary quarantine station was set up at Kasr-i-Shirin.

367. Correspondence between His Majesty's Minister and the High Commissioner at Bagdad took place on the necessity for informing the Persian representatives of the outbreak of epidemics, both in the case of this and later of the cholera epidemic. It was found essential that His Majesty's Legation should also be regularly informed. On the 4th December Debai (Trucial coast) was declared infected.

Cholera.

368. Cholera broke out at Abadan on the 3rd August, at Basra on the 6th August and at Mohammerah on the 21st. The infection was thought to have been brought by shipping. The epidemic at Abadan quickly assumed big proportions—there were, for instance, 553 cases with 528 deaths between the 10th–16th August. The oil company and the Sheikh of Mohammerah did all that was possible to prevent the epidemic extending. From Basra, however, it spread up the Tigris and reached Bagdad at the end of August. This brought on the usual hurried and hopelessly ineffective Persian quarantine arrangements at Kasr-i-Shirin, pilgrim traffic was stopped and no one was allowed to cross the frontier in either direction without a certificate of inoculation. In this section of the frontier the Iraqi villages of Mandali and Kazanieh were infected and cases were reported from the Persian frontier towns Soumar (five) and Kasr-i-Shirin (six). It is highly doubtful whether they were really cholera. One suspected case from Persia died at Khanikin on the 19th October, and, Iraq having become almost free by then, quarantine was enforced against Persia for a few days. The serious part of the epidemic in Iraq lasted until mid-September; scattered cases continued to appear up to the close of the year. On the 1st November all travelling restrictions were removed. Cases in Persia were also notified from Nasser (two) and Maidan-i-Naftun (two).

369. There is no possible doubt, and Dr. Mesnard confirmed this on his return from Bagdad in August, that Persia largely owes her preservation from a big epidemic to the extraordinarily severe and efficacious measures taken by the sanitary authorities in Iraq. Moreover, the said authorities, at the instance of the Sanitary Council, arranged to inspect travellers for Persia at its quarantine station at Khanikin.

Typhus Fever.

370. Small outbreaks were reported during the year from Russian Astara (April), Meshed (June), Daragaz and Tehran (six cases) (July).

Small-pox.

371. The epidemic which broke out at the end of 1922 continued into the past year. Vaccine lymph is now, however, being supplied by the Pasteur Institute at Tehran in adequate quantities, and the public vaccination service is well supplied with it, if not with funds.

Encephalitis Lethargica.

372. One acute case was diagnosed at Tehran. Several cases showing sequelæ (particularly "Parkinsonism") were observed in Tehran and Isfahan.

Epizootic Diseases.

373. The distinction between anthrax and rinderpest is seldom made in Persia, where the means of laboratory diagnosis are scanty. Outbreaks of one or the other disease were reported in January (Hamadan), June (Hamadan, Kurdistan, Gulpaigan, Saujbulak, Tehran and district), August (Mazanderan). The probability is that anthrax, rather than rinderpest, was in question on each occasion. The Pasteur Institute has demonstrated the efficacy of preventive inoculation, but land-owners have been slow to take it up. A member of the staff of His Majesty's Legation lost a horse through anthrax. All horses were therefore inoculated in the Legation stables.

Public Health.

374. The Tehran municipality has settled down in a new building on the north side of the Maidan Topkhaneh. Unfortunately, Dr. Ryan, the American adviser in charge, died during the summer. A good deal of street repairing has been done, and conservancy watering and street lighting have been improved. The medical service continues its activities and has had to deal with a number of refugees from outside villages. In February it examined 730 bath attendants and found thirteen suffering from contagious diseases. In provincial towns the local councils have done little, except at Resht, where the sanitary medical officer has introduced various advanced measures such as the examination of prostitutes and the disinfection of barbers' outfits. Unfortunately no concerted anti-malarial measures can be reported.

375. The question of opium is dealt with in a separate report.

The Quarantine Service in the Persian Gulf.

376. The service has continued to perform its important duties in its quietly efficient way, and has successfully prevented the introduction of plague and cholera, except at Mohammerah, where—it must be understood—the quarantine officer is responsible for the port only.

377. A good deal of criticism has, however, been levelled at our administration, most of it uninformed (see report of meeting of Sanitary Council, June 1923). The local Karguzars, apparently under orders from Tehran, have begun to report on sanitary matters, and indeed criticise medical officers. There have been difficulties too in the way of getting the Persian authorities to pay their share of the expenses. The Sanitary Council, however, when asked by the American administration of the finances for its opinion on the payment of salaries to the medical officers as they had no contracts, voted solid in continuing payment on account of the epidemic then raging (June meeting). In the *procès-verbal* of the July meeting will be found an account of expenditure on the service for the previous ten years, supplied by the customs administration at the request of the council. On the whole, the impression left by the events of the past two years is that of a purposeful mobilisation for an attack on the service, and its replacement by a Persian service. The question of our medical officers not having contracts is likely to be brought up in the near future.

378. The question of "surveillance" as opposed to "observation" of first and second class passengers was brought up by His Majesty's Resident in the Persian Gulf in a despatch to Sir Percy Loraine on the 14th February, and was subsequently referred by the chief quarantine officer to the Sanitary Council. The outbreak of plague in the Gulf made, however, the strictest measures necessary.

The Sanitary Defences of Persia.

379. The general question of the sanitary defences of Persia came up for consideration during the past year in the following connection:—

- (1.) Duzdap Railway.—The Sanitary Council recommended that a medical officer should be sent to Duzdap, but the Persian Government did not make an appointment for reasons of economy. It is felt, however, that the railway constitutes a new menace to Persia in view of the fact that cholera and plague are endemic in India. Correspondence passed between the political agent in Baluchistan and His Majesty's Minister on the subject of measures to be taken on the Indian side of the frontier should Baluchistan (British) become infected, with a view to lessening the danger to Persia.
- (2.) The epidemics of plague and cholera at Abadan and in Iraq. The question of Abadan is a new and serious one. It appears that there is overcrowding in the considerable native town which has sprung up, and that sanitation is indifferent. The oil company's representatives were closely questioned as to the measures adopted when the epidemics broke out, and were able to report favourably. The town, however, and Iraq generally, are a menace to Persia, and the question of improving the latter's defences, at any rate at Mohammerah and on the Kermanshah road, was discussed at the June meeting of the Sanitary Council. Here, again, the Persian realises that the Bagdad-Khanikin Railway may easily bring epidemic disease to his frontier.
- (3.) Proposal of the Government of Iraq to form a mixed sanitary commission for the common frontier with permanent officers at Mohammerah, Basra

and Abadan. This was communicated to the Persian Minister for Foreign Affairs on the 30th November, but no action had been taken up to the end of the year.

The Pasteur Institute.

380. Dr. Mesnard, the director, published an interesting report on the work of the institute, which was started in 1921. The principal sections deal with—

- (1.) Laboratory diagnosis.
- (2.) Preparation and distribution of vaccine lymph.
- (3.) Inoculation against anthrax.
- (4.) Anti-rabies inoculation.

381. Anti-cholera vaccine was prepared during the summer. Serums prepared at the parent institute are distributed. Dr. Mesnard has carried on his work under great difficulties, owing to the irregular payment of his budget. He has been fortunate in interesting Farman Farma in his work; His Highness has given a garden and water rights for the construction of a new Pasteur Institute and a house for the director. The Persian Government is paying for the buildings, but, though begun many months ago, they have not been finished yet.

The Persian Government Hospital, Tehran.

382. The personnel remained the same as in 1922. Dr. J. Scott left for Europe on leave on the 1st April. Miss Oxley, the matron, left on the 22nd April on the expiry of her contract; her claim for arrears of salary and travelling were settled in full subsequently. The Persian authorities gave no reply to a proposal for engaging a successor to her. Dr. Hussein Khan Mogadam, who had been assistant medical officer with charge of in-patients for three and a half years, left in May for France with a group of army officers. He was very greatly missed, but the hospital had the satisfaction of learning later on that he had been given charge of a surgical section in a military hospital at Tours. After a *visá voce* and clinical examination, Dr. Said Abdul Ali was appointed to his place. Dr. Safar Ali was given charge of the eye department during the absence of Dr. Scott. Dr. Habibullah Khan took over the throat, nose and ear department from Dr. Neligan, who had become responsible for the rest of the clinical work of the hospital.

383. The X-ray building was not begun until October, but Dr. Habibullah Khan started work in his own house in May, using part of the hospital apparatus and examining cases sent to him by the medical officers. The Persian Administration, as opposed to the medical, continued to be most unsatisfactory, and payments were always much in arrear. Repairs for which the medical officers had been asking for two years were begun in August.

384. The accounts of the expenditure of the British contributions were submitted to the Persian Government on the 3rd March.

385. Final accounts with vouchers of the contributions of His Majesty's Government were despatched to the Foreign Office on the 22nd December.

386. A committee was formed in May to supervise the disbursement of the contribution of the Anglo-Persian Oil Company. It consisted of the local representative of the company, one of the American financial advisers, a representative of the Ministry of Education and the two British medical officers.

387. On the 25th September the Minister of Public Instruction informed the physician to His Majesty's Legation that, owing to his colleague and himself being precluded from signing contracts with the Persian Government, their services were no longer required from that date. The matter is dealt with in a separate section (British medical officers and the Persian Government).

388. On the 29th December the keys, inventories and instruments in the doctors' possession were finally handed over to the Persian authorities. The doctors' arrears of salary have so far not been paid.

British Doctors and the Persian Government Hospital.

389. The following remarks should be read in conjunction with paragraphs 337 and 338 of the 1922 report.

390. In the spring it became evident that the status of the two British doctors in the hospital was going to be challenged in connection with the new law providing that foreigners could only remain in the Persian Government service if they possessed

contracts passed by the Majlis. His Majesty's Minister contended that the British doctors were in a special position, as they were British Government servants, whose position in the hospital was regulated by the arrangement recorded in an exchange of notes of 1919, and that it would be unusual and inconvenient for them to have contracts with a Government other than that of His Britannic Majesty. This was pointed out informally to the American advisers, and, as they appeared to be satisfied with the explanation, it was thought that the matter was ended. In the summer, however, Dr. Scott being on leave, Dr. Neligan was notified by the Minister of Public Instruction, Hakim-ed-Dowleh, who was also the Shah's physician, that he should cease attendance at the hospital, as he had refused to sign a contract. His Majesty's Minister took the strongest exception to this proceeding and returned the letter. Thereupon an exhausting series of discussions took place with the Persian Government, who professed ignorance of the previous formal discussions, maintained that the arrangement of 1919 had, in fact, lapsed owing to the withdrawal of His Majesty's Government's annual subvention, that the law must be applied, and that the doctors could not serve in the hospital until the new Majlis had met and regularised the situation. His Majesty's Minister suspected strongly—and, as was afterwards shown, correctly—an intrigue by Hakim-ed-Dowleh to secure the positions in the hospital of Drs. Neligan and Scott for his own relations, several of whom are members of the Persian medical faculty. He therefore insisted on being told whether it was the intention of the Persian Government to rid themselves of the British doctors, or merely to regularise their position. In the former case, he would be compelled to take a very stiff line; in the latter, he would do what he could to arrange the matter in consultation with His Majesty's Government. He was assured officially by the Minister for Foreign Affairs on several occasions that the sole desire of the Persian Government was to regularise the situation and harmonise it with the new law. The Minister thereupon asked that the doctors should be invited to resume their duties at the hospital in their capacity of indispensable technical experts, for which there was a loophole left by the law, and that pending the assembly of the new Majlis he should ascertain from London whether the doctors would be allowed to sign contracts, and, if so, of what nature. Time and time again it appeared that the Persian Government, who fully admitted the complete reasonableness of the Minister's attitude, were about to consent to this or some similar arrangement, but the most constant pressure failed to extract a decision from them, although one seemed virtually certain at the moment when Sir P. Loraine left for Arabistan in the autumn. When he got back he immediately took the question up again vigorously, but before any progress could be made the Government fell.

391. At the first official interview with the new Prime Minister, the latter told Sir P. Loraine he wanted to settle this question—he realised that the doctors had been very badly treated and that their prestige ought to be vindicated; he said, however, it would be difficult for him to reinstate them in the Government hospital as this would involve the cancellation of appointments in their place of Persian doctors made by the previous Government just before their resignation. The Minister expressed his deep indignation at the treacherous violation of the official and repeated assurances given him by the previous Minister for Foreign Affairs which these appointments involved. [It afterwards transpired that neither the former Prime Minister nor Minister for Foreign Affairs were privy to the matter, and presumably the appointments had been made by Hakim-ed-Dowleh on his own authority as Minister of Public Instruction and to the profit of his relatives.] Sir P. Loraine added that the only adequate satisfaction was reinstatement. Serdar Sepah said this was most difficult in the circumstances described above, and suggested as an alternative that the two doctors should be appointed inspectors-general of all military sanitary establishments. The Minister thought this might, in view of the Prime Minister's manifestation of goodwill, form the basis of a settlement, but he found Dr. Neligan strongly opposed to the idea. Sir P. Loraine, therefore, made a last appeal for reinstatement in the hospital, saying that the doctors wanted to do serious, practical, and beneficial work, for which the hospital alone offered both opportunities and facilities. The reply was most conciliatory and friendly in tone; it regretted that the question as regards the hospital could not be suitably reconsidered, and put forward a new suggestion from the Prime Minister that the two doctors should be attached, in a capacity and with functions to be subsequently determined, to a new School of Health which His Highness was founding in Tehran, and in which it was believed the doctors would be able to do much the same sort of work as in the hospital.

392. After consultation with His Majesty's Government, His Majesty's Minister was authorised, if further enquiry showed that serious work was to be done in the position now contemplated for the doctors, to agree to the proposal for an experimental but renewable period of one year, but only *ad referendum*, and subject to approval by the Secretary of State for Foreign Affairs, before any arrangement was definitely adopted.

XII.—MISCELLANEOUS.

Opium.

393. The production of Persian opium has for many years been a subject of great importance, not only locally as a commercial asset, but universally. The reason for this is the high quality of the crude drug, for as is well known, its morphine content is as a rule 10 per cent., and may, indeed, be 12 per cent. The subject has, however, of recent years assumed still greater importance, for the following reasons:—

- (1.) The awakening of the conscience of the nations in the matter of the use of drugs of addiction.
- (2.) The insistent demands of the Far East for opium and more opium.
- (3.) The increasing use of morphine as opposed to opium, in the East generally.
- (4.) The rapid spread of the opium habit in Persia herself.

394. The last three factors have led to a marked increase in opium poppy cultivation in this country during the year under review, and strange though it may seem, the first mentioned must be added to them in this connection, for the threat of repressive legislation in the future has encouraged many landowners to make profits while they may. This leads to a consideration of—

The Opium Crop in 1923.

395. The statement that the crop has been increased and will increase further is combatted by the American Director of the Finances, but it is based on the quarterly reports, which have been most regularly and carefully furnished by His Majesty's consular officers, and there is no possible doubt that it is correct. In this connection the reports of His Majesty's consul at Shiraz are particularly illuminating. He stated, for instance, that the crop for May and June last was one and a half times that of the 1922 crop. The consul-general at Isfahan reports that the crop was estimated at 80,000 mans (of 13 lb.), as against 32,000 mans in 1922. In Khorasan cultivators were preparing (Meshed despatch No. 56 of the 13th October) double the former area for the 1924 crop. In Fars they have decided to grow the poppy over large areas, till now under cereals. The price of opium has gone up and trade in it brings large profits. The price at Shiraz rose from 39 to 65 tomans per man of 7.36 lb., and even the gum used for adulteration rose to 13 tomans. By October, however, supply had begun to exceed demand, and with prices falling the merchants stand to lose heavily in the future.

The Export Trade.

396. The export through the ports of the Persian Gulf has greatly increased, and there is a great deal of smuggling to avoid export duties. The following figures are taken from Shiraz despatch No. 47 of the 3rd July for corresponding quarters in 1922 and 1923:—

Crude opium brought into Shiraz—

	lb.
1922	40,094
1923	66,504

Opium prepared at Shiraz and despatched to Bushire—

	lb.
1922	13,251
1923	29,446

Number of chests of opium sent to Bushire—

1922	80
1923	198

397. The opium so exported is sent chiefly to the Far East and in British and Persian ships. The names Kilong, Dairen, Vladivostok, Sabang, Macao, Daleni, Kobe, recur with monotonous frequency in the returns of His Majesty's consular officers in the Persian Gulf area. There is no doubt that bogus declarations of clearance are given by captains. Much opium shipped for Hong Kong is landed at the Portuguese settlement of Macao for instance. A remarkable seizure of eight and a half tons of Persian opium was made by the police at Hong Kong in one of the islands belonging to the colony (enclosure in Foreign Office despatch No. 295 of the 10th July). An illuminating account of this illicit import trade and its profits is given by a Manchester firm (enclosure in Foreign Office despatch No. 403 of the 14th September). The principal exporters in Persia, with offices in Shanghai and Hong Kong, is a British subject, Hajji Muhammad Hassan Nemazi. He owns a fleet of twelve steamers, one of which was lost by fire with 534 cases of opium on board, near Sabang. He is reputed to be a millionaire (sterling).

Measures for Controlling Commerce in Opium.

398. In 1911 legislation was passed in Persia for the control and taxation of opium for revenue purposes. Roughly they amounted to what might be called bonded warehouses in the different centres, a system of banderoles, a tax on internal consumption and an export tax. These measures have been largely defeated by fraud and smuggling, but with the Central Government extending a fuller measure of authority over the provinces in the year under review, the time was considered ripe for taking stronger action, both in view of the practical requirements and of Persia's commitments under the League of Nations. The first steps were taken at Isfahan and produced a tumult which was only quelled by enforcing martial law, and, indeed, some demonstrators were shot down by the military (see Isfahan despatch No. 47 of the 23rd August). The problem is a difficult one. Opium is Persia's chief source of revenue. In a district like Isfahan it is the currency of the cultivator and peasant, and the merchant distrusts the excise officials. The fear of repressive legislation is very real in Isfahan, where as the above-mentioned reports says limitation of cultivation on a large scale might well mean "the disappearance of the district from the commercial map."

399. Persia's first serious essay in opium control has not, therefore, been a happy one, but the fact that she has made it is not without importance. Fresh legislation on the subject is before the Cabinet (see Dr. Millspaugh's memorandum to Sir P. Loraine, of which a summary is given at the end of this report).

400. The question of morphine and other drugs of addiction has also been taken up, and permits to import have to be obtained. Moreover, all parcels have to pass through the Persian Sanitary Council, which acts as the Government distributing department. Quantities are limited, thus, a chemist may receive only 20 grammes of morphine at a time, and must furnish prescriptions to account for its consumption. Here, again, smuggling defeats legislation, and morphine is frequently found in bottles labelled quinine.

401. The use of opium for committing suicide led the Persian Government to ask the Sanitary Council in a general way for its views on the best way of diminishing the increasing employment of the poison. The council decided that it was not called upon to go into the question of diminishing production, and it put forward but one measure as its considered opinion, namely, that of the prohibition of opium-smoking in tea-houses. This has been in force in the village of Gulhek for the past seven years, and the council adopted it on the recommendation of the British delegate. (*Procès-verbal* of January meeting.)

402. The Governor of Bujnurd reported to the Sanitary Council (*procès-verbal* of February meeting) that he had forbidden the cultivation of the opium poppy in his district.

403. The question of opium control in connection with Persia was also attacked from a totally different angle, in this instance by His Majesty's Government. The illicit traffic carried on in British ships between the Persian Gulf and the Far East, shortly described above, had, in the past year, assumed such proportions that the Home Office, referring to previous correspondence, informed the Foreign Office "that powers could be taken to regulate this traffic by King's Regulations" (enclosure in Foreign Office despatch No. 286 of the 4th July) "to empower consular officers at ports in the Persian Gulf, before granting clearance from the port to a British ship with opium on board, to require the master of the ship (1) to make an affidavit stating the real destination of the opium; (2) in the case of exports to

countries who have adopted the importation certificate system recommended by the League of Nations, or entered into a similar agreement with His Majesty's Government, to produce a certificate of the Government of the country of destination authorising the importation of the opium; and (3) to enter into a bond for the delivery of the opium at that destination."

404. The Secretary of State, in his reply, while approving the proposal, raised the question of ships of other nationalities who had no consular officers in the Gulf, and suggested that the Persian Government might be induced to control the illicit traffic by the League of Nations. The Home Office, however, found that it would take many months before the latter proposal could bear fruit, and urged that, as the traffic was, to a great extent, in British hands, immediate action should be taken. Lord Curzon, therefore, informed the India Office that it was desirable to put the proposed regulations into force without delay, although this course might result in diverting the trade to non-British ships. His Majesty's Minister, on receipt of the despatch containing this information, suggested consulting the American financial advisers unofficially on the "local effect of the proposed regulations." The Secretary of State having no objection to this course, two memoranda were sent (the 25th November) by Sir P. Loraine to the Director of the Finances. In the first place, Dr. Millspaugh was invited to give his views on the probable local effects of the proposed measures; in the second, he was invited to state whether it would not be possible for the Persian Government to co-operate in checking the increasing production of opium by demanding "from landowners prior notice of their intention to cultivate opium, or to extend the tracts under cultivation." Sir P. Loraine, while recognising that the action proposed might result in diminished revenues, expressed the hope that the humanitarian side of the question would outweigh all other considerations with the Persian Government authorities. Dr. Millspaugh replied in a closely reasoned memorandum. He had recommended the Persian Government to inform the League of Nations of its willingness to adhere to The Hague Convention, on condition that adequate time be given to apply the necessary regulations. The regulations now proposed by the British Government would have disastrous economic effects at a time when Persia was trying to stabilise her economic life and finances. He did not agree that the opium crop was being increased: a number of merchants would be rendered bankrupt; the amount of opium available for local consumption would be increased and that at a lowered price; the Persian Government was already tightening up repressive measures; moral reforms attempted on a large scale were likely to do no good and to create confusion. In sum, he hoped that, before taking the action contemplated, the British Government would give the Persian Government more time to develop its policy, but that they would, at the same time, communicate to it a statement of their attitude. The new regulations would be published as soon as they had been approved by the Cabinet.

405. On receiving a telegraphic summary of Dr. Millspaugh's views, Lord Curzon replied that the adviser did not seem to realise that the proposal referred to illicit trade and to British ships only, and he instructed His Majesty's Minister to submit his views on the political aspect of the question.

406. In the course of the discussions between Sir P. Loraine and Dr. Millspaugh the subject of the smoking of "burnt opium" (sheereh—the residue collected from the bowl of the opium pipe) came up. Dr. Millspaugh was unaware until shortly before, of the existence of this refined form of vice, or of the fact that the Persian Government derived a special revenue from it. Sir P. Loraine, in a telegram to Lord Curzon, recommended that the attention of the League of Nations should be drawn to this question.

Refugees.

407. During the year, fair progress has been made towards the re-establishment of the refugees from the Urumia and Salmas districts in their old homes. At first the Persian authorities made the position of the Christians extremely difficult by refusing to grant permission for their return, and by interfering with those who did so; for example, some 400 Assyrians, who had reached Salmas and replanted a considerable area of their old lands, were summarily ejected by the Persian military authorities, and their crop was reaped by Persians and Kurds. Even up to the end of the year final and general permission for the Assyrians' return had not been granted. It is easy to judge too harshly this apparently senseless obstruction on the part of Persian officials; the latter have a vivid recollection of the readiness with

which the Christians lent themselves to the purposes of foreign Powers during the war, and the fear is always present lest they should be tempted to play the same part again. Persian apprehensions in this respect have not been diminished by the establishment in Urumia of a Soviet consulate with three Russian officials, who have succeeded in persuading a considerable number of returned refugee Christians to accept Russian passports and protection.

408. Another source of difficulty to the returning refugees has been the attitude of the local Moslem landowners. Before the war, nearly a third of the Assyrians held their land freehold, and a large number had definite and permanent rights of tenure. It has been the object of the Moslem landowners to obtain control of the land during their absence, and to reduce all the peasants to complete subservience to themselves. To this end, they have resorted to every kind of oppression and trickery. When, about the middle of April, one of the American advisers, Mr. Dunaway, arrived in Urumia with a Government appropriation of 50,000 tomans, to be expended in aid of the refugees, his chief difficulties were encountered in this quarter. A commission, headed by the acting Governor of Urumia and Salmas, was formed for the purpose of verifying the ownership and regulating the leasing of the absentee Christians' lands, but its operations were so unsatisfactory that Mr. Dunaway endeavoured, eventually with success, to have it dissolved, and did his best to safeguard the rights of the Christians by prohibiting the lease of any land of which the owner had an agent or near relative in Urumia. Even thus, the position of the Christian population was much less favourable than before the war, and it appeared probable that the Moslem landowners would give free rein to their greed as soon as the restraining influence of an American with official powers had been removed.

409. During the four months which he remained in Urumia, Mr. Dunaway distributed the 50,000 tomans in the form of loans of seed, corn and oxen, or of assistance for the repair of vineyards, with the object of ensuring a livelihood to each peasant family in accordance with its most urgent needs. Sufficient *bona fide* applications for loans were received to justify the expenditure of a further 70,000 tomans in Urumia and Salmas, and at the end of the year Mr. Dunaway hoped to proceed shortly to Urumia once more with the greater part of this sum in hand.

410. Assistance was also given to the refugees by the Near East Relief, which maintained a hospital in Urumia and an orphanage with about 150 Moslem orphans, besides supporting in Tabriz and training in industrial school work more than 700 Assyrian orphans brought from Hamadan. The American Mission has also been re-established, and is on satisfactory terms with the local authorities in Urumia, where its hospital and schools are in full working order.

411. In 1922 and up to August 1923 about 5,000 refugees had returned to Urumia from and via Tabriz, and by the end of the year a further 3,000 had proceeded thither from Kermanshah and Hamadan, while 200 more natives of Urumia awaited at Tabriz their opportunity to return. At Salmas 450 refugees arrived early in December, while 212 had reached Sufian on their way thither, and 650 others, of which 200 were Assyrians and the rest Armenians, intended to follow them from Tabriz as soon as possible.

412. On the whole, the prospect of resettling these once flourishing districts appears much less remote than it did a year ago, and the condition of the Assyrian element, though still far from satisfactory, will undoubtedly improve as their numbers increase.

413. There are also about 1,000 Assyrians still in and near Kermanshah. Nearly all of them have found employment, and the American relief has ceased. They are not precisely contented with their lot, but show no very keen desire to follow the rest of their brethren to Urumia.

414. As an example of resourcefulness and endurance it would be difficult to equal the adventure of a certain Raphael Khan Mushil, one of the chiefs of the Urumia Assyrians, who received a French military decoration for his services to the Allied cause during the Assyrians' campaign against the Turks in 1917-18. In the autumn of 1922 he was accused by the Persian authorities at Kermanshah of having committed various atrocities against the Persian population when Governor of Solduz—a position which he never held—and was thrust into jail. Since the prestige of the Allies, who organised the Assyrian resistance to the Turks, could not but suffer if the persecution of Raphael were allowed to continue, both His Majesty's Minister and his French colleague took up his case, and His Majesty's consul at Kermanshah endeavoured without success to obtain his release. Eventually, in the spring of 1923,

he was despatched under escort to Tabriz for a military enquiry by order of the Minister of War, who was induced to agree to the presence of a representative of the French consulate in that town to watch the proceedings on behalf of the Allies. On the way to Tabriz, however, Raphael overpowered his guards, bolted, eluded pursuit by doubling back to the point of his escape, and lying hidden there for three days in a ditch, without food, and finally walked via Tehran to Bushire, whence he made his way to Irak.

War Graves.

415. The maintenance of war graves in Persia has been the subject of much correspondence between His Majesty's Legation, His Majesty's consular officers in Persia, and the Imperial War Graves Commission, to which detailed information has been furnished regarding the number, whereabouts and present condition of the graves. Many of them are situated in districts whose remoteness renders their upkeep impossible, while in other cases large expenditure on walls and guards would be necessary to preserve them from the depredations of poverty-stricken Persians for whom a wooden cross or a dressed stone has a marketable value.

416. After due consideration of the views of His Majesty's consular officers and of various proposals which have been put forward in this connection, His Majesty's Minister has recommended that, except in places where the graves can be adequately supervised by His Majesty's consular officers, they should be obliterated, and that a central memorial to the dead, both British and Indian, of the imperial forces in Persia should be erected in the Legation garden at Tehran in the form of a model of the Whitehall Cenotaph, with possibly a similar memorial at Bushire to commemorate separately the troops who died in South Persia. In addition, His Majesty's Minister has suggested the desirability of a contribution from the Imperial War Graves Commission towards the maintenance of the Church of England chaplain whom it is desired to establish in Tehran, and towards whose salary the Treasury has already sanctioned the payment of £50 a year; it would then be a part of the chaplain's duties to inspect the war graves in North Persia periodically and to ensure that they were kept in a fitting manner.

The Tehran Chaplaincy.

417. In December 1922 Bishop Linton, the bishop in Persia, visited Tehran with the object of trying to establish a British chaplaincy there. A meeting was held at the British Legation of the committee of the Tehran branch of the Persia Diocesan Association and of the representatives of the British administrations and firms in Tehran. Ways and means were discussed, and the representatives agreed to ask their institutions to support a chaplain and to guarantee their support for five years. It had been estimated by the committee that £700 per annum was needed, and at the time it was confidently expected that this sum would be forthcoming.

418. In April 1923 His Majesty's Minister addressed a despatch to Lord Curzon expressing the earnest hope that a grant of £50 per annum might be made from public funds towards the chaplain's maintenance, and in November sanction for this contribution was given, on the understanding that the remainder of the cost of the chaplaincy would be found by the British community in Tehran.

419. During the summer of that year Bishop Linton heard that the Colonial and Continental Church Society could not contribute the annual subscription of £200 which he had expected, and altogether the subscriptions promised were much less than was hoped, several of the firms being unable to contribute at all, and others giving less than was thought. The amounts actually promised are:—

His Majesty's Government ...	£50 per annum.
The Indo-European Telegraph Department ...	£50 per annum.
The Imperial Bank of Persia ...	£50 per annum.
The Anglo-Persian Oil Company ...	£50 per annum.
The Indo-European Telegraph Company ...	£25 for one year.
The British colony, Tehran ...	£66 10s. per annum.
Total ...	£291 10s.

420. Bishop Linton again visited Tehran in December 1923, and a committee meeting was held, at which it was decided that during the bishop's visit to England

in the spring of 1924 he should endeavour to obtain further financial assistance for the chaplaincy.

The Church Missionary Society.

421. The Persian Government has refused to recognise the medical course given in the hospital at Isfahan for its State diploma.

422. A renewal of an annual grant of 250 tomans, made to the hospital by the Persian Government, was obtained after correspondence which covered the whole year.

423. The ulama of Isfahan complained, through the Ministry of Education, that several English missionaries at Isfahan have opened a school in that town and have begun religious propaganda there. The "school" was the Stuart Memorial College, established nearly fifty years ago, and no propaganda is undertaken there (see His Majesty's Minister's note to the Ministry for Foreign Affairs, No. 61 of the 29th May). On the 14th October the Ministry was foolish enough to inform the Legation that the school had been opened without official sanction.

424. Conversions to Christianity at Kerman led to correspondence between His Majesty's Minister and the consul. Sir Percy Loraine wrote on the 13th December that, in his opinion, "deliberate proselytisation amongst Moslems, and, in fact, any definite suasion towards the adoption of Christianity, is undesirable."

Conditions of Employment in the Persian Carpet Industry.

425. In response to representations made by the International Labour Office in 1920 and 1921 regarding the unsatisfactory conditions of employment in the Persian carpet industry, especially at Kerman, the Persian delegate to the Assembly of the League of Nations stated on behalf of his Government that regulations were being enforced whereby those conditions would be greatly ameliorated. Early in 1923 His Majesty's Minister was directed by the Secretary of State to obtain a report from His Majesty's consul at Kerman showing to what extent the Persian Government had carried their undertaking into effect. Colonel Haworth's report was by no means unfavourable, but His Majesty's Minister thought it desirable to supplement the information thus obtained by calling for similar reports from His Majesty's consular officers at Tabriz, Hamadan and Sultanabad. Their replies showed that, while the employees in factories under the control of European firms, such as the Oriental Carpet Manufacturers (Limited), were treated with every consideration and had no cause of complaint, the conditions in some Persian-owned establishments left much to be desired. Especially was this the case at Tabriz, where the ancient and evil practice still obtains of binding the weavers by encouraging them to contract debts to their employers which they are unable to repay. In forwarding these reports to the Secretary of State, His Majesty's Minister therefore stated that, in his opinion, the International Labour Office might with advantage approach the Persian Government once more on this subject, if on no other.

Earthquake at Turbat-i-Haidari.

426. On the 30th May His Majesty's consul-general at Meshed telegraphed that severe earthquake shocks had occurred at Turbat-i-Haidari (a town of 10,000 inhabitants in Southern Khorasan), 86 miles from Meshed, and in the surrounding districts; that the "covered bazaars" of the town had been destroyed, also thirty villages and hamlets up to 14 miles distant; and that "forty corpses had been recovered in the town and 2,200 outside." Subsequently the district was visited by Dr. Lichtwardt, of the American mission at Meshed, and his account of what he saw shows that the original reports were what was only to be expected—exaggerated. Dr. Lichtwardt found that little damage had been done in Turbat itself, and that only thirty people had been killed. In the districts, five villages were completely, and twenty partly, destroyed. His estimate of the total deaths was "not more than 1,000," and of the damage to property, 100,000 to 150,000 tomans.

427. The chief shock was felt 8 miles to the south of Turbat. The report above quoted goes on to say that "the earthquake commenced with some terrific to-and-fro shuttle-like movements of the earth's surface. This lasted for someone or two minutes, and was followed by about three minutes of rotary movements of the earth's surface, which observers describe as feeling as though they were being whirled in the vortex of a whirlpool or ground around in a mortar. Following this, there were numerous smaller shocks every half-hour during the day, and for a month after there were small shocks during the night, once or twice a week."

428. The regrets of His Majesty's Government for the catastrophe were conveyed to the Persian Government. The Persian Government voted 2,000 tomans for relief works, set up a field hospital and sent doctors. The American Red Cross Society telegraphed 5,000 dollars for disbursement by the American financial adviser and the Presbyterian Mission at Meshed. His Majesty's Minister opened a "Turbat-i-Haidari Relief Fund," and appealed to the British communities in Persia and to the Persia Society for subscriptions, which the Imperial Bank arranged to receive. A sum of 1,517 tomans was quickly collected, and its proper bestowal was assured by remitting it to the Ministry of Finance for disbursement by the financial adviser at Meshed. Previous experience has shown that in Persia it is most necessary to make as certain as may be possible that money given for relief purposes really does reach the sufferers. Indeed, interested persons had already begun to try to make the most of the present disaster. Finally, the generous sum of 27,546.4 rupees was subscribed in Bombay by Parsis, Persians and Armenians, and was remitted to Dr. Millspaugh and Dr. Amir Aalam, chairman of the Red Lion and Sun Society, through the Imperial Bank.

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PERSIA.

Annual Report, 1924.

[E 3401/3401/34]

Sir P. Lorraine to Mr. Austen Chamberlain.—(Received June 10.)

(No. 278.)

Sir,

Tehran, May 22, 1925.

I HAVE the honour to transmit to you herewith, in accordance with standing instructions, the annual report on Persia for 1924.

I regret the delay in submitting this report, which has been especially difficult to compile in view of the great stress of current work, and of the fact that the counsellor of Embassy and I myself were absent on leave during the major part of the year under review.

I beg leave to acknowledge the able assistance given to me in the preparation of special sections of the report by Mr. Monson, Major Fraser, Mr. Havard, Dr. Neligan, Mr. Hadow, Mr. Jebb and Mr. Brennan.

I have, &c.
PERCY LORRAINE.

Enclosure.

Report on Persia for 1924

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I.—GENERAL REVIEW.

DURING the whole of 1924 Serdar Sepah has retained the office of Prime Minister. He has reformed his Cabinet twice, the first time after his resignation in April, and the second time in September. There has been a considerable fluctuation in his prestige and influence, which reached its lowest level at the end of March on the collapse of the Republican movement, but which, by the end of the year, he had succeeded adroitly in re-establishing.

2. The Cabinet which he formed in September was composed of some Ministers of greater weight and experience than previously, and, in consequence, he has not found it necessary to supervise those Ministries too closely, and has been able to devote more time to the Ministry of War.

3. The Fifth Majlis was opened in February, and in view of the direct influence which Serdar Sepah had brought to bear in the majority of the elections, it was to be foreseen that so long as he was able to go on consolidating his influence and power and keep within the bounds of the constitutional law, he would be able to count on a large personal majority in the House. Events have proved this to be true.

4. The Shah remained in Europe throughout the year, and it was left to the Prince Regent to face the attacks directed by the Republican party against the dynasty, and, as is related elsewhere, he did so with courage, patience and dignity.

5. At the beginning of the year, in response to repeated representations by His Majesty's Minister, Serdar Sepah decided to form a commission to enquire into the claims of His Majesty's Government for moneys advanced to the Persian Government mainly during and after the Great War, in order to try to find a basis of settlement for those and other less important claims. The commission under the presidency of Serdar Sepah was composed of certain Cabinet Ministers, the American financial adviser and His Majesty's Minister. Several sittings were held during January and February, and the claims were investigated. In general, the commission was unable to deny the legality of the claims, and some were immediately accepted, but as regards the larger part, the Prime Minister pleaded for favourable treatment by reason of the fact that the Persian Government had expended the moneys advanced to the joint benefit of both the Persian and the British Governments. His Majesty's Minister, to whom six months leave of absence had been accorded, offered to lay his Highness's views before His Majesty's Government and ascertain whether, in order to get a firm settlement and stop all further haggling, the latter would consent to give the Persian Government a substantial reduction on the whole claim.

6. Amongst the less important claims, certain outstanding telegraph questions were settled, and the basis of the settlement for others reached.

7. The claim of Messrs. Stevens and Boudaghiantz for 320,000 tomans

compensation for the illegal sequestration of their navigation rights on Lake Urumia was likewise recognised by the Persian Government, and subsequently the arrangement was ratified by the Majlis.

8. The year 1924 was, for Persia, a troubled one from the point of view of internal politics. The movement in favour of the establishment of a republic began early in the year and gained considerable force by the middle of March, when it appeared almost certain that the new year on the 21st March would see Persia become a republic. The rise and fall of the movement are fully treated elsewhere in the report, and although the collapse was sudden and decisive, it took several months for the people to recover from the excitement.

9. For some months after Serdar Sepah resumed the direction of affairs in April, his general hold on the internal situation seemed less sure, and he was less decisive in his conduct of affairs. Some of his enemies dared to attack him openly, and his acts were severely and intemperately attacked in the Opposition press. The editor of one of these papers was murdered by some unknown persons in June, and this caused a considerable stir. The excitement continued unabated, but a so-called miracle enabled it to be turned into a religious channel. A Bahai was said to have been struck blind for having openly expressed his religious belief, and again a Moslem was said to have recovered his sight by the aid of the water of a wayside fountain. Nobody had ever seen the individuals concerned in either case, but the news of the miracle spread like wildfire, and the fountain acquired great fame and was daily visited by hundreds of people having different ailments and hoping for a cure. Agitation against the Bahais grew apace, and many Persians who were known or thought to be Bahais received rough treatment and were even beaten, whilst some Bahai shopkeepers had their shops looted. American missionaries who followed the Bahai cult were likewise threatened, and the Government were obliged to take steps for their protection. Meanwhile, the fountain continued to be the scene of daily pilgrimages by dense crowds of people. On the 18th July the American vice-consul, Major Imbrie, accompanied by another American, drove up to the neighbourhood of the fountain in order to photograph the scene. The crowd objected and hustled them and generally became so threatening that the Americans hurried back to their cab and started to drive away. A section of the crowd shouted out that they were Bahais, and the crowd then chased the cab, spreading the cry that they were Bahais who had poisoned the water in the fountain. The excitement grew apace, and as the cab drove away with the crowd surging after it, others took up the cry and the cab was stopped, the occupants being dragged out and beaten senseless. They were finally rescued by a number of police, who conveyed them to the police hospital near by that they might have their injuries attended to. Whilst they were still receiving attention in the hospital, the crowd broke in and murdered Major Imbrie whilst he was lying on the operating table, his companion only escaping because he was covered with a shroud and the crowd thought he was already dead.

10. As the outcome of vigorous steps taken by the American Legation and the Diplomatic Corps, military law was at once put into force in the capital and many provincial centres. The American Government addressed a strong note to the Persian Government formulating certain demands, upon the satisfactory execution of which future relations between the two countries would depend.

11. In August the Sheikh of Mohammerah, who had been discontented with his treatment by the Persian Government, and was afraid that his semi-autonomous position was gradually being wrested from him, made four demands in order to regularise his situation. He subsequently telegraphed to the Majlis that he intended to throw off the yoke of the usurper Serdar Sepah. His Majesty's Chargé d'Affaires did all in his power to restrain the sheikh from taking an irretrievable step, and although he was able to prevent the sheikh from attacking the small Government forces in his neighbourhood, he was unable to bring the sheikh to reason and persuade him to submit to the Persian Government. Finally, a section of the Bakhtiari joined the sheikh and the outlook was distinctly black. His Majesty's Chargé d'Affaires was no longer able to restrain the Persian Government from taking steps to deal with the situation. The Prime Minister himself left for the south in October in order to co-ordinate his plans for military measures. Forces were gathered in Isfahan and Shiraz for a concentric advance on Arabistan, and Behbahan was occupied shortly afterwards. His Majesty's Minister, returning from leave of absence in November, paid a visit to the sheikh and persuaded him to submit to the Government, and in December Serdar Sepah visited Ahwaz and accepted his submission.

12. The American financial advisers have continued their work, but have succeeded in doing nothing of a convincing nature to improve either the financial or economic situation of the country. Dr. Millspaugh was unable to produce a budget which the Majlis found satisfactory until almost the end of the year. It was severely criticised and was returned to him several times for correction and amendment. He became quite discredited, and had it not been that Persia desired to keep in the good books of America and to make amends for the Imbrie murder, it is very probable that Dr. Millspaugh would have been dismissed. As it was the Government decided to continue to try to work with him. Although they were thoroughly dissatisfied at his inability to procure them money in America or to bring about any radical reforms, they were afraid for the future and could not make up their minds to whom to turn if they dispensed with the services of the Americans.

13. In foreign affairs, the Persian Government pursued much the same irresolute policy as before. They continued to avoid doing anything which might have annoyed Russia, and allowed all questions with that Government in which Persian and Russian views did not coincide, to lie dormant. Relations with Great Britain remained cordial and some progress was made in the settlement of outstanding questions.

14. The failure of the Sinclair Oil Company to produce the loan of 10 million dollars in accordance with the stipulation of the Northern Oil Concessions, nullified the efforts both of the last Parliament and of the present one to give them the concession, and the inability of the financial adviser to find other capital in America for Persia's needs led to a considerable cooling off in the fervour for America and probably helped to revive in the public mind a feeling of friendship for Great Britain.

15. The economic situation remained much the same as in 1923. The kran appreciated still further and averaged 41½ to the £ sterling, but there was no money in the bazaars.

16. A commercial treaty with Russia was signed, but has not yet reached parliamentary ratification.

17. The customs revenues were exceedingly promising, and showed an excess of roughly 1 million tomans over the budget estimate for the nine months ending the 31st December.

18. There has been much discussion about the building of roads and railways, and much public interest has centred round these projects, but nothing definite was evolved.

19. It may therefore be said that, in spite of the fact that there was a considerable amount of time wasted in 1924 about discussions of a change of régime, yet Persia made yet another step forward in the path of progress. The public appears at last to have grasped the fact that the future happiness of Persia is linked with economic development, and it may well be that in the near future the Government will be compelled to take certain definite steps in that direction.

II.—RELATIONS WITH FOREIGN POWERS

Russia.

20. Apart from the conclusion of the commercial treaty mentioned below, there has been little, if any, change in Persia's relations with Russia during 1924. The Prime Minister was known, early in the year, to be endeavouring to effect a rapprochement with the Soviet Government, but he told Mr. Ovey in June that he was being careful not to commit himself, and he was evidently very suspicious of them. He did not make his object clear, but it seemed not unlikely that it was connected with the question of the oil concession in the northern provinces. Meanwhile, the Russians justified his Highness's caution by continuing to indulge occasionally in their traditional high-handed methods. For instance, in May a warship visited the Lianosov fisheries at Hassan Kiadeh, landed a party of marines and carried off all the stock of fish and caviar, in spite of the opposition of the Persian guard. The Persian official protests appear to have received no response. Again, in June the Soviet consul at Kazvin attempted to seize a library which had been handed over to Persia with the Enzeli-Tehran road. He entered the building, belonging to the Persian Public Works Department, and sealed the doors of the room containing the library. The Persian Government in this case showed some courage, and removed the seals. The Soviet Minister protested, and it was eventually agreed to submit the case to a joint commission.

Commercial Treaty.

21. On the other hand, the Perso-Soviet Commercial Treaty was at last signed on the 3rd July, an event which was ostentatiously celebrated at the Soviet Legation and consulates in the provinces, and Persia thus obtained, though under certain limitations, the right of transit of merchandise through the Soviet territories, and a somewhat vague right of direct trade between Persian and Russian merchants. The latter right, however, only appears by implication in the text of the treaty and formed the subject of separate verbal understanding, extending only to certain commodities. The treaty, which has not yet been ratified, did not include a settlement of the question of the customs tariff, and Russian imports into Persia therefore, as shown in another section of this report, continue to enjoy owing to Persian weakness the privileged treatment which constitutes at once a source of loss to the Persian revenues and an unfair competition with British trade.

Turkestan.

22. In the course of the year a redistribution of the Russian territories in Central Asia was effected. Among the changes made was the formation of an Uzbek Republic to include the Uzbeks of Turkestan and Bokhara, while the Turkoman Republic was to take in the Turkomans of the former Transcaspian province of Bokhara and of Khorasan. In its pronouncement on the subject, the Central Executive Committee of Turkestan drew a contrast between the alleged freedom enjoyed by the republics entering the Soviet Union and the slavery to European imperialism in which India, China, Egypt and Persia were languishing; and the Persian Chargé d'Affaires intimated to His Majesty's representative at Moscow his suspicion that the measure was a disguised attack on Persia, designed to attract the Turkomans of that country to the Soviet Republic. This is very probable. Soviet propaganda is generally rife in north-eastern Persia, and His Majesty's consul-general at Meshed has more than once drawn attention to anti-British propaganda in the local press, undoubtedly subsidised by Russia.

Russo-British Relations.

23. Outwardly the official relations between British and Soviet representatives in Persia assumed a character of courteous but not intimate amity in consequence of the recognition of the Soviet Government by His Majesty's late Government. His Majesty's Minister took the initiative in informing M. Shumyatski of the recognition, a series of amicable letters were exchanged, and M. Shumyatski called at His Majesty's Legation, his visit being punctually returned. Similar exchange of visits occurred between consular officers in the provinces.

24. In accordance with instructions, His Majesty's Minister also notified the Persian Government of the recognition of the Soviet, communicating the text of the note presented at Moscow. In reply, the Persian Government, referring to the passages of the note relating to treaties between Great Britain and Russia, declared that "all treaties between the two Governments, in the past and in the future, which may have any bearing on Persia, will have no effect, in principle or in practice, and that the Persian Government will reserve to itself, in the future as in the past, full liberty as an independent sovereign State." A similar note was addressed to His Majesty's Government by the Persian Minister in London, and the Persian Government communicated the correspondence also to the Soviet representative in Tehran, and to the League of Nations, and at the same time allowed the substance of their note to be published in the Persian press. They thus took every means in their power to enter a caveat against any revival of the Anglo-Russian agreement of 1907 or the conclusion of any agreement of a like nature, and their attitude was typical of their ever-present fear of British and Russian designs. There can be little doubt that they have viewed with relief the refusal of His Majesty's present Government to ratify the treaty with the Soviet, thus affording them a respite from their dread of an eventual combined attack on their position.

Soviet Representatives.

25. Comrade Shumyatski was absent on two occasions from his post; on the first, which he notified to his colleagues as an official journey to his country, he was away from the 16th to the 30th June; and on the second he went on leave of absence to Moscow on the 6th October, returning early in December. On the first occasion

the Legation remained in the charge of the first secretary, Comrade Galbrass; on the second, Apresov, consul-general for Khorasan, acted as Chargé d'Affaires.

26. Comrade Shumyatski took advantage of the discussions of the Diplomatic Body in connection with the Imbrie murder case to endeavour, by allowing a distorted account of the proceedings to appear in the press, to pose as the champion of Persian interests against the other Powers, and eventually withdrew from the proceedings of the corps.

27. This attitude, together with the scandalous anti-British insinuations in the Moscow wireless news, is noteworthy as a typical instance of Bolshevik diplomacy.

28. In August the Soviet consul at Kerman, Zaslavski, departed on leave of absence, and was replaced by Laktionov, from Kermanshah. The Soviet Legation complained of alleged discourtesy shown to him by the Irak frontier authorities on his journey to the Persian Gulf on the way to Kerman via Bushire; but a subsequent report obtained through His Majesty's High Commissioner showed that the said authorities were not at fault, and the Soviet Legation did not press the matter.

29. In December M. Lidin was transferred from Bushire (see report for 1923) to Tehran as consul-general, the post here having been raised to that status.

Bolshevik Propaganda.

30. Bolshevik propaganda during the year has followed conventional lines. It has been directed mainly towards the increase of Russia's economic interests and the misrepresentation, whenever possible, of Great Britain's policy in the world in general and in Persia in particular. Communistic propaganda has been less prominent, except among the Armenians, and there is no evidence that these ideas are finding any favour with the Persian people. It is doubtful, however, whether responsible Persian authorities do not treat this danger too lightly and allow too much freedom to Communist organisations engaged in trying to spread the Communist and revolutionary doctrine. Although there is little fear that Communism, markedly paraded as such, is likely to commend itself to the average Persian in the near future, the insidiously disruptive nature of the propaganda put forth by these organisations must inevitably have a disturbing effect on a people labouring under so many real and imaginary injustices as do the Persians.

31. In addition to these Communist organisations, which, though finding little support, exist in the principal towns of North Persia—there are four in Tehran, one Russian, two Armenian, and one Persian—the main channels of propaganda are:—

- (i.) Imported Russian newspapers and literature which are on sale at public libraries maintained by Russian funds and are there translated orally into Persian by readers for the benefit of Persians drawn there by the attraction of free tea.
- (ii.) The Russian Radio Press, which is published three or four times a week in Tehran and circulated by telegraph and post to the provinces.
- (iii.) Subsidised Persian newspapers, which have, however, since the imposition of martial law in July published little Bolshevik propaganda except in Meshed.
- (iv.) The widely-spread network of commercial organisations now existing in Persia, which include among their employees trained propagandists, who under the cloak of commercial activities find many opportunities of carrying on active propaganda.

32. Of all forms of Bolshevik propaganda probably that directed against Great Britain has been the most effective. Finding an already existing suspicion of British policy, Bolshevik agencies have spared no effort to increase it by the most flagrant misrepresentation and downright falsehood. Great Britain has been openly accused in the Bolshevik press of instigating the Khost rebellion in Afghanistan in order to hinder the development of that country, the rebellion of the Lurs, the Imbrie murder in order to discredit Persia in American eyes and so block the American loan, the rebellion of the Turkomans in order to embarrass the Central Government and to damage Russian cotton interests, and the Sheikh of Mohammerah's rebellion in Arabistan.

33. If this has been the nature of the propaganda carried on openly it can well be imagined what has been said by Bolshevik officials and agents in private conversation with Persians. It can hardly be doubted that this campaign has tended to keep alive the distrust of Great Britain in the minds of the semi-educated and

uneducated classes, but it may fairly be hoped that the obvious untruth of some of the statements made, as, for example, the ridiculous accusation that British intrigues were responsible for the disturbed condition of the Turkomans and the report published in the "Russian Radio News" that a force of the South Persia Rifles had arrived in Mohammerah to assist the sheikh, can only have served further to discredit the Bolsheviks in the opinion of thinking Persians. Moreover, the outcome of the Arabistan crisis has gone far to convince the Persian Government of the dishonesty of the Bolshevik representation of the policy of Great Britain. Since then there has been a notable decrease in public anti-British propaganda.

34. As regards Persian domestic politics, the outstanding characteristics of Bolshevik propaganda have been consistent outward support of the Serdar Sepah and belittlement of the American advisers. There is, however, conclusive evidence that the Russians secretly opposed the Prime Minister's schemes for the formation of a republic, either because the practical dictatorship into which this would have resolved itself did not suit their schemes or because they believed that the British were supporting the movement, a sufficient reason for opposing it. Their propaganda at this time was directed in favour of a republic controlled by a Soviet, this being apparently the form of Government considered most likely to be susceptible to Russian influence.

35. It is in Khorasan that the Bolsheviks have been most openly active. The supineness of the local authorities has permitted the most blatant and offensive propaganda, to the danger of which and to its possible connection with the disturbed state of the Turkomans the Persian Government have recently woken up, and it is to be hoped that they will now take in their own interests measures which will equally serve those of Great Britain.

United States of America.

36. Dr. Kornfeld, the United States Minister, tendered his resignation in the summer. It was accepted by his Government and he left Tehran on the 1st September, Mr. Wallace Smith Murray, his first secretary, thereupon becoming Chargé d'Affaires. No Minister had been appointed at the end of the year to succeed Dr. Kornfeld. Throughout the year the American financial advisers remained at their posts. Their activities are the subject of a separate mention in this report (see paragraph 95).

37. During the first half of the year American relations with Persia were much the same as in 1923. In July, however, a dark cloud fell over them owing to the assassination of Major Robert W. Imbrie, the recently appointed United States consul in Tehran by a fanatical crowd in the streets of Tehran. This deplorable incident was due to religious excitement, following on anti-Bahai demonstrations and a supposed anti-Bahai miracle; it aroused the greatest indignation, and caused great consternation to the Persian Government. The most lamentable fact that emerged was that the police on duty at the spot and some soldiers who happened to be there took no steps, or, at all events, none which could have the slightest effect, to stop this barbarous assault on the United States consul and his American companion. It even appeared almost certain that some uniformed Persians took part in the assault; it is certain that even after the two wounded and exhausted Americans had been removed to the police hospital, the crowd pursued them and, quite unchecked, renewed the battering of these unfortunate American citizens in the operating room, to which they had been brought with great difficulty. The only pretext for the onslaught was that Major Imbrie was attempting to take photographs of the fountain at which the alleged miracle had taken place.

38. The whole Diplomatic Body joined in a vigorous representation to the Persian Government, and drew attention to the danger to which all foreigners were exposed. Thereafter the Russian Minister played the traitorous rôle of asserting that he alone had prevented the "capitalist Powers" from making exorbitant and vengeful demands on the Persian Government, which would have destroyed Persia's independence. The Persian Government expressed profound contrition for the incident and promised to do their utmost to apprehend the assailants and fulfil their proper duties. Martial law was at once proclaimed. In certain Persian newspapers base insinuations were made to the effect that this murder had been instigated by foreigners, and in some cases the reader was doubtless intended to understand the reference as being to the English. His Majesty's Chargé d'Affaires made strong representations to the Prime Minister, and not without difficulty secured from his

Highness the issue of an injunction forbidding all newspapers, under severe penalties, to publish remarks of such a kind.

39. The United States Government demanded the arrest, trial and punishment of the culprits; the expenses of transporting the body of Major Imbrie from a Persian port, to which it was to be accompanied by a Persian military guard of honour, to the United States of America on board an American man-of-war; and suitable compensation for Major Imbrie's widow; it added that continuance of American diplomatic and consular representation would depend on the manner in which the Persian Government observed its treaty obligations and fulfilled its duty to guarantee the lives and safety of American officials and nationals. These demands were substantially accepted by the Persian Government, who expressed profound regret at the incident, and gave full assurances of their determination to protect American citizens.

40. Arrests were made of persons shown to have participated in the crime, trial took place by court-martial, and three of the ringleaders were sentenced to death. One of these was a soldier, and efforts of various kinds were made to whitewash the Persian army of participation in the brutal assault. The United States Chargé d'Affaires, Mr. Murray, had the greatest difficulty in securing the execution of these sentences, the theory being put forward that it was contrary to Moslem law that three lives should be taken for one. The United States Government threatened a curtailment of their diplomatic relations with Persia failing the execution of the sentences, and the Persian Government capitulated to this threat. The two remaining criminals were shot on the 2nd November. The indemnity of 110,000 dollars was duly paid by the Persian Government out of Treasury funds and without reference to the Majlis.

Irak.

Ulama.

41. The year under review saw the satisfactory liquidation of this question, which had created great trouble in 1923 and much embittered the relations between Persia and her neighbour.

42. As early as January the Irak Government authorised the issue of a *laissez-passer* to Muhammad-es-Sadr (who, however, owing to illness, did not take advantage of it until the middle of March), while on the 13th February permission was telegraphed from Bagdad for the return of the main body of the exiled ulama, who had settled at Kum. This permission excepted Sheikh Mahdi-el-Khalissi, who, together with his son, had put himself out of court owing to his violent anti-British tirades, and was subject to two conditions. In the first place, each priest had to send a written guarantee to the Irak Government, pledging himself not to take part in politics in the future; in the second, this guarantee had to be accepted by the authorities at Bagdad before he could be allowed to cross the frontier.

43. It was thought at first that the exception of Khalissi might deter the ulama from accepting the proffered amnesty; but it quickly became apparent that, far from regarding this as a difficulty in the way of their return, the majority of the priests were delighted at the opportunity of ridding themselves of one whom they had with some justice come to regard as the cause of their misfortunes. This point was emphasised confidentially by the Prime Minister in an interview with His Majesty's Minister, which took place on the 1st March. His Highness added that Khalissi was, in his opinion, a fool, devoid of intelligence, and that his rantings and those of the members of the ulama whom he had influenced had involved Persia in a quarrel out of which she could draw no advantage, and which had already cost the country some 100,000 tomans.

44. That his Highness's diagnosis was correct was proved by the reception accorded to a messenger from King Feisal, who arrived at Kum on the 7th March. The ulama were persuaded to write the necessary assurances, and on the 28th March they left in a body for Bagdad. The move was, however, premature, since the official acceptance of their individual pledges had not been obtained from the Irak Government; and the latter consequently advised them, through the medium of His Majesty's Legation, that they would do well to halt at Kermanshah. They travelled, in fact, slowly; but on the 12th April had left Kermanshah for Khanikin without the necessary papers, having persuaded His Majesty's consul at the former place, who was ignorant of the stipulation in regard to their journey, to grant them the required visas.

45. In these circumstances, His Majesty's High Commissioner expressed concern lest there should be incidents on the frontier. The situation in Irak was again

critical, owing to organised opposition to the ratification of the Anglo-Irak Treaty, while Khalissi was endeavouring to turn the situation to his own advantage by the conduct of an anti-British campaign in Meshed, for the purposes of which he was reported to have received 8,000 tomans through the agency of the local Turkish consul-general.

46. Sir H. Dobbs was therefore rather naturally apprehensive; but in point of fact the ulama crossed the frontier without hindrance, and on the 26th April their arrival in Bagdad passed off "without incident," this virtually marking the end of a long and excessively troublesome incident.

Recognition of Irak.

47. During the latter part of 1924 the rather obscure reasons which had induced the Persian Government to withhold its recognition of the State of Irak seemed in a fair way to being overcome. The situation had, indeed, become intolerable; complaints of Irakis, Bagdadi Jews, &c., living in Persia had become increasingly numerous; and neither country stood to gain anything by a continuance of the existing state of affairs.

48. With a view, apparently, to force the issue, the Colonial Office on the 3rd July advised His Majesty's High Commissioner, Bagdad, to the effect that His Majesty's Government no longer considered as valid the Treaty of Erzerum and the convention of 1875, which, under the Ottoman régime, had regulated the status of Persian subjects in Ottoman dominions, and especially Mesopotamia. The Imperial Government were therefore to be informed that no Persian consuls would be permitted to exercise any functions in Irak until that State had been officially recognised by Tehran. On the other hand, His Majesty's Government were willing to come to an arrangement, provided that the Persian Government consented to allow His Majesty's consular officers in Persia to include Iraki subjects within the scope of their consular jurisdiction.

49. On the 18th July the consent of the Irak Government to this proposal was obtained, and on the 20th September Mr. Ovey accordingly received instructions to deliver a note to the Persian Government on the lines indicated above. In view of the general situation, however, His Majesty's Chargé d'Affaires preferred not to communicate this note formally to the Persian Government, and on the 13th October reported that he had imparted its substance orally to the Under-Secretary of State for Foreign Affairs.

50. The effect of this move was at once apparent, the Persian consul-general at Bagdad receiving instructions to seek an interview with King Feisal in order to discuss the question of the preparation of a treaty. On the 18th October this interview took place, it being suggested from the Persian side that the Irak Government should despatch a mission to Tehran for the purpose. King Feisal on his part was of the opinion that the Persian Prince Regent should first write to him, recognising his title and inviting him to enter into a discussion of relations. The question whether the Irak Government were in fact capable of despatching such a mission under the terms of the Anglo-Irak Treaty was one about which some doubt seemed to exist; and on the 8th November it was reported that the King was embarrassed by the constant requests made to him on this subject by the Persian consul-general. On the other hand, Mr. Ovey reported on the 10th November that the Persian Government had "evinced no impatience" on the subject, though the Prime Minister before his departure had expressed the view that any mission should be sent in the first place by Irak. Such a mission, he admitted, might be entirely formal, the subsequent negotiations being held in Bagdad.

51. At the same time the Secretary of State considered that the proper course was for the Persian Minister for Foreign Affairs to address a note to His Majesty's Minister, recognising Irak, and proposing to send a mission. This note would then be communicated to His Majesty's High Commissioner at Bagdad, who would in his turn submit it to the Irak Government. The suggestion that the latter should take the initiative with regard to the despatch of a mission did not meet with approval in London; but Mr. Ovey, in a telegram dated the 13th November, "felt that Persia, as the recognising country, had some right to receive the mission first," provided that "actual technical negotiations took place in Bagdad."

52. This opinion eventually received official sanction, the Colonial Office issuing instructions early in December to Sir H. Dobbs to the effect that King Feisal should, in the first instance, send a "formal and ceremonious" mission to Tehran, announcing his accession to the Throne of Irak, on the understanding that a formal

note recognising the State of Irak, and proposing to send a mission to Bagdad in order to negotiate a treaty were addressed to His Majesty's Minister at Tehran by the Persian Minister for Foreign Affairs. The consent of the Irak Government to this suggestion was quickly obtained, and on the 4th December Sir H. Dobbs reported that the mission was ready to start at any time. It seemed only necessary to await the return of the Prime Minister from Arabistan.

53. As Reza Khan had decided to travel to Tehran via Irak in order to visit Kerbela and Nejef, it was thought that an opportunity would occur in Bagdad of discussing the question personally with him. His Highness, however, intent on his pilgrimage, avoided any consideration of politics, and merely stayed a few hours in Bagdad. The desired impetus towards a solution of the question was consequently not obtained, and by the end of the year no further advance had been recorded. But it seemed obvious that matters had reached a stage where a definite and favourable decision on the part of the Persian Government could not long be delayed.

Extradition of Iraki Subjects.

54. Considerable correspondence was exchanged with Bagdad during the year on the subject of Iraki bankrupts, criminals, and other defaulters, who had taken refuge in Persia, and whom it was desired to extradite. The view of His Majesty's High Commissioner during the earlier part of the year seemed to be that the proposed Perso-Irak Extradition Agreement (drawn up by Sir Percy Cox) was actually in force; but in point of fact it had never been ratified by the Persian Government in spite of the repeated representations of His Majesty's Legation.

55. This being so, the Persian Government acted, generally speaking, in accordance with the underlying principle of extradition, namely, that it cannot, in the absence of special agreements to that effect, be insisted upon as a right, but may be granted as an act of comity. They also appealed, with less apparent justification, to the Agreement of Zi'l-Kada in 1292 between Persia and Turkey, whereby each signatory was empowered in certain cases to extradite its own nationals, and seemed to ignore the fact that it was unlikely that the Irak Government would ever accede to this, seeing that the draft extradition agreement referred to above was in no way based on this document.

56. At all events, though in one or two cases Iraki defaulters were handed over to their Government for trial, the efforts of His Majesty's High Commissioner to induce the Persian consul-general at Bagdad to forward direct to local karguzars writs issued by Bagdad courts for service on Persians who had crossed the border proved at first to be quite unavailing. The argument put forward that in cases of debt where the debtor summoned to appear was a Persian subject it was in the interest of Persia to hand over such a debtor (since judgment would certainly otherwise go against him by default) had small weight in the eyes of the Persian Government as against that of the general considerations in regard to the surrender of their own nationals. Nevertheless, towards the end of the year, on the Legation adducing the case of a British debtor who was arrested in England in 1923 on a service of summons issued by the tribunal of the Ministry for Foreign Affairs at Tehran, a memorandum was received from the Persian Foreign Office to the effect that the Persian Government assumed in view of this case that the whole question of the serving of writs should be on a basis of reciprocity, and thereby announced their adhesion to "this courteous arrangement" on the condition that it would be continued in future. It may consequently be assumed that the matter will rest at this stage until, with the recognition of the State of Irak by the Persian Government, a definite extradition treaty can be drawn up and ratified, and the existing vague "reciprocal" arrangement be superseded.

Customs Dispute at Fao.

57. This dispute, which at one time threatened to assume considerable proportions, began with the arrival off Fao on the 3rd March of an armed customs launch belonging to the Persian Government, which proceeded to stop Persian vessels bound for Abadan and Mohammerah, thus preventing them from putting in at Fao in accordance with the Irak Customs Regulations. Although the launch was withdrawn on the 16th March as a result of representations made to M. Cordonnier, the Persian Director of Customs at Mohammerah, it reappeared on the 27th March, while Persian vessels during the interval had continued to refuse to call at Fao.

58. His Majesty's High Commissioner at Bagdad consequently requested His Majesty's Legation to protest urgently to the Persian Government "against the

serious violation of Irak territory by an armed vessel" and to demand the instant withdrawal of the launch, the view that the Persian customs authorities were acting illegally being presumably based on the opinion of His Majesty's Government that the frontier line between the Ottoman Empire and Persia drawn in 1914 in accordance with the protocol signed at Constantinople on the 17th November, 1913, became binding after the war on the Governments concerned without ratification or any further step. The Persian Government, on the other hand, had made no official announcement to the same effect, and it was possible for them, as was pointed out by Sir P. Loraine in his despatch to the Marquess Curzon (No. 660 of the 8th November, 1922), to make out a strong claim for some form of association in the control of the Shatt-el-Arab. The interests of the Anglo-Persian Oil Company, it was then urged, were very closely bound up with those of Persia, and an eventual lapse of the British mandate in Irak might change the whole aspect of the matter.

59. In any case, partly as a result of conversations between Mr. Ovey and the Administrator-General of the Persian Customs, it was reported from Bagdad that the matter had been settled by consultation on the spot between Mr. Monk, the head of the Irak Customs at Basra, and M. Cordonnier; and in spite of a recrudescence of trouble on the 12th June, when some Iraki fishing-boats were fired on between Gosbey and Khazalabad, it was the final agreement arrived at between these gentlemen on the 2nd June that provided a temporary (and conceivably a lasting) solution of the problem.

60. This document was prefaced by a letter from Mr. Monk to M. Cordonnier, in which he stated that "it is admitted on your (M. Cordonnier's) part that any customs control involving the employment of direct forcible measures over craft using the main stream between Fao and Mohammerah is the sole right of the Irak customs authorities," a stipulation from which M. Cordonnier did not officially dissent. The draft articles of the agreement which followed amounted in fact to the establishment of a joint customs control at the mouth of the Shatt-el-Arab. The main point which they contained was that all incoming craft (with the exception of ocean liners) should first call at Fao, but that all Persian vessels, and all Iraki vessels proceeding either to Mohammerah or Abadan, should subsequently report to the Persian customs post at Gosbey. In the same way, all outgoing craft of whatever nationality, if cleared from Mohammerah or Abadan, should first touch at Gosbey and then at Fao, while all vessels from Basra, if not touching at either of the two former ports, should proceed direct to Fao.

61. On the 4th August Sir H. Dobbs reported that the Irak Government had expressed their approval of this draft agreement, and suggested that that of the Persian Government should likewise be obtained as soon as possible. This, however, proved to be a more difficult task, and up to the end of the year the efforts of His Majesty's Legation in this direction had met with no success. The objections of the Persian Government to a ratification of the agreement lay, perhaps rather vaguely, in their non-recognition of the Irak Government, in the belief that by continuing to protest against the payment of port dues by Persian vessels (though this point was purposely left open under the agreement) they might register a claim to some form of jurisdiction over the waters of the Shatt-el-Arab, and by the general idea that they would do best to reserve a loophole for future discussion of the question. Still, the Under-Secretary of State for Foreign Affairs informed Mr. Ovey early in October that the Persian Government were quite willing to approve the arrangement, but that they had qualms about accepting the paragraph in Mr. Monk's covering letter to M. Cordonnier (referred to above) which dealt with the sole right of the Irak Government to apply forcible measures.

62. On this objection being referred to Bagdad, Sir H. Dobbs replied that in his opinion it could easily be overcome, since, in the case of the Irak Government, the covering letter had been kept apart, only the actual articles of agreement being submitted. He therefore suggested that the same procedure should be adopted in the case of the Persian Government, and that the question of the "sole right" to employ force should be passed over in silence—a suggestion which Mr. Ovey embodied in a note on the 12th November to the Under-Secretary of State for Foreign Affairs. No answer to this being forthcoming, the matter rested at this stage until the close of the year.

Turkey.

63. Possibly as a consequence of the comparative cessation of Turkish activity in Central Asia, the Turkish consul-general at Meshed, Sami Bey, was ordered to go

to Urumia together with all the consulate archives, &c. He arrived at Urumia in April. It is probable that the consulate was opened at Urumia with a view to directing Turkish propaganda in the Mosul Vilayet, and also to keep in touch with Sheikh Mahmud of Suleimanieh.

64. At the end of October the Turkish Ambassador at Tehran, Mohieddin Pasha, paid a visit to Kermanshah and Senna. There is a strong presumption that his object was to acquire information about the Suleimanieh situation.

65. In January a request was received from the Turkish Ambassador in Tehran that the archives and furniture of the Turkish consulate at Lingah which he alleged had been seized by our troops during the Great War, might be returned to the Turkish authorities. Enquiries which were made of His Majesty's Resident in the Persian Gulf only elicited the information that there had been no furniture or regular records in the Lingah Turkish consulate and only sundry odd papers could be found. This was communicated to the Turkish Ambassador.

66. The question of the treatment of Persian subjects in Turkey by the Turkish Government was discussed in the Majlis in June. It was stated by one member that great hardship was caused by the action of the Turkish authorities in compelling Persians either to divorce their Turkish wives or become Turkish citizens, in spite of the fact that according to Turkish law a wife adopts her husband's nationality. It is understood, however, that the statement of this member regarding Turkish nationality law is not correct, and, in fact, the Turks long ago took special measures to prevent the immigration of Persians into Turkish territory, where they married Turkish or Arab wives and claimed Persian nationality for their sons and consequent exemption from military service for them.

Pan-Islamism.

67. With the abolition of the Caliphate and the establishment in Angora of an avowedly secular Government, Turkish-fostered pan-Islamic movements in Persia have disappeared; nor has any other protagonist of these ideals made a conspicuous appearance.

Japan.

68. The Japanese Commercial Mission (to which reference was made in the annual report for 1923) left Tehran on the 15th March *en route* for Irak. It would appear improbable that it effected much, as no Japanese diplomatic or consular representation at Tehran had been established at the end of the year, although the mission had announced unofficially that this would be the case. One of the stumbling-blocks in the way of regular relations lay apparently in the fact that the Japanese Government insisted on the incorporation in any treaty that might be signed of clauses granting extra-territorial rights to Japanese, similar to those enjoyed by the great European Powers. It was reported that in conversation with Persian officials Mr. Nuida, the chief of the mission, had said that on no account could a great Power like Japan be put on the same footing as a country of the size and importance of Afghanistan. The example of Russia was, apparently, one which he was resolved that Japan at least should not follow.

69. Economically, the results of the mission seem to have been equally negative. It was known that, from a commercial point of view, the main object was the encouragement of trade with Japan in opium, cotton goods, matches and cheap hardware, but it seems doubtful whether in any of these the trade returns for 1925 will show any considerable increase. It was, indeed, at one time suggested that a main object of the mission was to discredit the American advisers in the eyes of Persians, but the suggestion is an improbable one. Sir Edward Crowe gave it as his opinion that the Japanese were actuated by a sincere desire to recover a market which they held at the end of the European war, but lost almost completely owing to the poor quality of the goods which they supplied.

70. Whether the Legation remained in charge of Japanese interests in Persia at the end of the year seemed doubtful. It had been assumed before the arrival of the mission that this was the case but, on Mr. Nuida mentioning this fact to his Government, the Japanese Embassy in London addressed a letter to the Foreign Office stating that they had no record that the care of Japanese interests had ever been entrusted to His Majesty's Government. The official reply adduced an instance in 1911, when the good offices of His Majesty's representatives in Persia had been requested on behalf of two Japanese subjects, and stated that "in view of this attitude on the part of your Government it was not thought necessary on subsequent

occasions in November 1917 and December 1920 to trouble the authorities at Tokyo in similar matters." It appears that no further letter from the Japanese Embassy was forthcoming, and that the affair consequently remained at this stage.

Germany.

71. In February 1924 Herr Wassmuss, famous for his anti-British activities in South Persia during the war, sent a letter to the Legation, in which he emphasised the fact that his proposed visit to South Persia had no official significance, and gave an assurance that "neither by words nor by acts would he give utterance to anything unfriendly to Great Britain." It appears that, as Sir P. Loraine anticipated, Herr Wassmuss honoured this undertaking, and a report later in the year to the effect that he had accepted the post of German consul at Bushire proved to be without foundation.

72. In the autumn a fairly notable extension of German activity in various spheres was observable. The German school, as a result of the decision of the Majlis in the previous year, was definitely revived in September. It receives a subsidy of 20,000 tomans a year from the Persian Government, and it is believed that no financial assistance is provided by the German Government; the German Minister for Foreign Affairs, indeed, assured His Majesty's Ambassador in Berlin on the 28th May, 1924, that none would be given. Its principal, a certain Dr. Strunk, is an expert on agriculture with experience of the Cameroons, and the curriculum is entirely technical. The teachers are German, but are under the supervision of the Persian Ministry of Education.

73. In addition to the institution of this school, the autumn saw a large increase in the numbers of the German colony in Tehran, which rose from about thirty in the spring to over eighty in December. Commercial ventures on the part of Messrs. Wöckhaus, a concession-hunter named Schubert, and others were mainly responsible for this increase. A scheme put forward by a certain Herr Schmide for the settlement on the land of large numbers of German immigrants, received a warm welcome in the press, which expatiated on the merits of German colonists and pointed out that they had it in their power to confer a benefit on Persia similar to that conferred on Russia by the immigrants into the Volga district under Catherine the Great. After a few families had arrived, however, this scheme was abandoned. The German Minister himself regarded it as a hare-brained one.

74. Finally, the negotiations of the Junker Company with the Persian Government for the institution of a regular air-postal service between Tehran and Resht with a continuation to Baku, and possibly later to Moscow, provided the German Legation with much scope for the exercise of its conscientious industry. The contract, however, remained unsigned at the end of the year.

Belgium.

75. Little occurred during the year to disturb the tranquillity of the relations between Persia and Belgium. The Chargé d'Affaires, M. Polain, having left during the winter, the care of Belgian interests was temporarily confided to the Italian Legation, pending the arrival of a Minister. The Minister, though appointed, did not take up his duties; and in April a new Chargé d'Affaires, M. Gallet, arrived in Tehran, and was still in charge of the Legation at the end of the year.

76. The Belgian officials continued to administer the customs, and criticism of their activities was insignificant. There was in fact small room for doubt that the Customs Administration was the most efficient of the State Departments.

Afghanistan.

77. A rumour was current at the beginning of the year to the effect that war had broken out between Afghanistan and Great Britain, and "Setareh Iran," in particular, published this "horrible news" on the receipt of "trustworthy and authentic information," which was, nevertheless, promptly contradicted by His Majesty's Minister on the arrival from India of confirmation of its falsity.

78. Later, in August, the same paper published a communiqué issued by the Moscow wireless to the effect that a rebellion instigated by the British had broken out in Afghanistan, and that a certain Abd-el-Krim had been led on to oppose, in the interests of the "reactionaries," the enlightened and progressive policy of the Ameer. This information was, however, at once contradicted by the Afghan Minister himself, who stated that "His Majesty Amanullah Khan had such a high position in the hearts

of the nation of Afghanistan that such propaganda would not have the slightest effect upon Afghans.

79. Finally, in November, the question of the improvement of the communications between Persia and her neighbour was brought up by the appointment of a representative of the Ministry of Posts and Telegraphs to negotiate with the local Afghan Legation regarding the postal service between Persia and Afghanistan.

Hedjaz.

80. Apart from the ulama expressing anxiety for the safety of the Holy Places, the Persians have shown very little interest in the attack by Ibn Saud on Mecca. The Persian press, as was to be expected, attributed the attack to British intrigue, the theory being advanced that His Majesty's Government found it inconvenient to implement their promises given to King Hussein during the war and instigated this attack as a means of getting rid of him; it found it hard, however, to reconcile this with its previous propaganda that the British were creating a large Arab State, which would in reality be under British control. The articles in the press were chiefly notable for their ignorance of the situation.

81. From information received from His Majesty's Government it appears that the Persian Government were at one time considering the desirability of intervention between King Hussein and the Wahabis, but wiser counsels seem to have prevailed, as no steps were taken in this direction.

British Protection of Foreign Interests.

French.

82. British consular representatives in Resht and Hamadan extended their protection to French citizens as in former years, His Majesty's consul in Resht reporting that the continual complaints of people with but doubtful claims to French nationality added not inconsiderably to the volume of work in his consulate.

83. The good offices of His Majesty's Legation and of His Majesty's consulates in Meshed, Ahwaz and Hamadan, were also used by the French Legation, mostly in connection with notarial duties.

84. In December the French Minister requested His Majesty's Chargé d'Affaires to instruct the British consular officer in Hamadan to give his official aid to M. Demerlé, a French citizen, who intended to take legal proceedings against his landlord. Mr. Coffey, acting British vice-consul, however, strongly urged that the case should be heard in Tehran, as there seemed to be little chance of obtaining a favourable decision locally.

Italian.

85. At the request of the Italian Chargé d'Affaires His Majesty's consul-general at Bushire was instructed to make the necessary arrangements for the removal of the bodies of two Italian aviators, buried at Bushire, on board an Italian man-of-war. This was done on the 13th June, and Count Monteforte requested Mr. Ovey to transmit to His Majesty's consul-general and to the officers of H.M.S. "Cyclamen" his sincere thanks for their generous assistance.

86. In August His Majesty's vice-consul at Resht was requested to send a representative to the karguzar's court to defend an Italian subject employed in the local silk factory, against whom various charges had been brought. Having received no instructions regarding Italians, Mr. Trott referred the matter to His Majesty's Legation, who in their turn asked the Italian Chargé d'Affaires what he wanted done in this case. The latter officially requested His Majesty's Legation to instruct His Majesty's vice-consul to protect Italian interests within his consular district, and instructions were given to Mr. Trott in that sense.

87. It should be noted that whereas the British colony in Resht only comprises the manager of the Imperial Bank of Persia and a few Indians engaged in petty trade, His Majesty's consular representative in that town devotes the greater part of his energies to the protection of French, Swedish, Polish and Italian interests.

Swedish and Norwegian.

88. Swedish interests, generally speaking, remained under French diplomatic protection, but they continued to be treated immediately by Mr. Consul-General

Fairley, and lay almost entirely in a Swedish firm named Svenske Iran, which had acted before the war as distributing agents to Messrs. Nobel in Gilan. It was reported in May that the local authorities at Resht were attempting to levy the Mostaghallat tax on this firm, as well as imaginary tax on incomes; and Mr. Fairley consequently requested His Majesty's Legation, in view of the attack on foreign treaty rights contained in this demand, that the protection of His Majesty's vice-consul at Resht should be extended to the Svenske Iran, a request which was agreed to by His Majesty's Chargé d'Affaires. Later in the year the company became involved in a conflict with the Soviet firm of Persaznaft over the question of their respective concessions, and applied to Mr. Fairley through His Majesty's Legation for permission to fly the Swedish flag on their office near Resht. The dispute was still proceeding at the end of the year.

89. Although, as recorded in the annual report for 1923, the Norwegian Government had signified their intention in December of that year to confide the care of Norwegian interests to Mr. Matthews, superintendent of the Indo-European Telegraph Company at Tehran, confirmation of his appointment had not arrived when he went on leave on the 1st April, and M. Bonati consequently continued to act as consul-general until the 31st May, when, confirmation having been obtained from Christiania, he handed over his charge to His Majesty's Legation. On his return from leave Mr. Matthews himself took over on the 8th November and remained in charge at the end of the year.

Greek.

90. In May His Majesty's vice-consul in Sultanabad reported on the case of a Greek subject who had been roughly handled by a mob. The matter was referred to the French Legation, which is in charge of Greek interests, and it was requested that the French representative should define his attitude regarding the extra-territorial rights of Greek nationals residing in Persia. M. Bonzon replied that he was at a loss to do so in view of the denunciation of the Græco-Persian Treaty of 1864 and of the fact that, technically, the capitulatory privileges of Greek subjects in Persia had ceased as from the 1st May, 1924, while hitherto the Greek Government had not notified to him what attitude he should adopt in this matter. Mr. Hutton was thereupon instructed to exert his influence in obtaining an out-of-court settlement of cases involving Greek subjects but not to insist on their being referred to the karguzar.

91. Another case in which M. Moshelis, a Greek citizen of Kermanshah, appealed to His Majesty's Legation for assistance in the recovery of a sum due to him by the Jewish school in that town, was referred to the French Legation for settlement.

Polish.

92. Polish interests in Persia remained under the protection of the French Legation, the report current at the beginning of the year that an exchange of representatives was to take place between Warsaw and Tehran proving to be incorrect. The good offices of His Majesty's Legation were only used to assist in tracing the papers of one Henri Kulikowski in answer to the request of the Foreign Office. These papers, which had been deposited at His Majesty's consulate-general, Meshed, were eventually found under the alias of Savage, and it was subsequently learnt that Kulikowski was a Pole who had made various unsubstantiated claims to British nationality.

Czechoslovakian and Esthonian.

93. His Majesty's Legation remained in charge of Czechoslovakian and Esthonian interests. A temporary British passport was issued to Mlle. Emma Seifert to enable her to return to Europe. Assistance was given to M. Slavek in filing a suit in the Bagdad courts and to Colonel Kostersitz in his claim against the Persian Government. The claim MM. Nikolai and Anetoli Shtefko to Czechoslovakian nationality was transmitted to the Czechoslovakian Legation in London.

94. The good offices of His Majesty's Legation were also extended to Herr Wiedemann and Herr Lieverth, who applied to the Esthonian Foreign Office for Esthonian passports.

III.—INTERNAL AFFAIRS.

*Financial Situation.**American Advisers.*

95. It is to be feared that the success obtained by the American Financial Mission in 1923 (*vide* the annual report for 1923) has hardly been maintained at the same level. This is revealed in the quarterly reports of the American administrator-general, copies of which have been furnished, as published, to the Foreign Office. The advisers encountered a great deal of obstructive criticism, both on personal grounds and in respect of their budget proposals, which up to the end of the year had not been completely passed by the Majlis. A great deal of opposition was created by the attempts of the mission to secure strict observance of the Treasury law, whereby all receipts and expenditure are centralised in the Treasury-General. Although no payments were made except in virtue of appropriations sanctioned by the Majlis, payments even of official salaries had apparently fallen into arrears by the end of the year, and much discontent was felt thereat.

96. In August a crisis arose in the history of the mission. Dr. Millspaugh maintained that his contract had been violated by the fact that certain revenue-collecting departments were applying revenue for their own purposes and not paying it to the Treasury as required by law, and it is believed that he presented an ultimatum of sorts to the Persian Government. The matter was, however, smoothed over and Dr. Millspaugh was persuaded to withdraw his threatened resignation. Again in November Dr. Millspaugh tendered his resignation, but was induced to withdraw it until the return to Tehran of the Prime Minister, who had gone to the south in connection with the Khuzistan crisis. Dr. Millspaugh's own words may be usefully quoted from his seventh quarterly report to sum up the situation:—

"I would not be doing my duty if I did not make it clear to the Persian people why the accomplishment of our task is delayed, and why it eventually may be rendered impossible. During the first three months of 1303 we did not secure the necessary co-operation. Our work met with criticism and obstruction; certain fundamental projects were rejected and ignored; our contracts were violated; no active steps were taken by Persian officials to give us effective support; the budget was not passed; the Ministry of Posts and Telegraphs became more open in its illegal and wasteful practices; threats were even made in the Majlis to reduce the credits proposed for the Ministry of Finance and necessary for the collection of revenue and control of expenditure. The delay by the Majlis in passing the budget and approving of projects for new taxes which were proposed has made impossible for at least a year the consideration of any loan for productive public works and economic development.

"It is now perfectly clear that if the work of financial reform is eventually a failure, the responsibility rests on those who have ignored our advice, rejected our proposals, interfered with our efforts and created innumerable difficulties for us."

97. The path of internal financial reform was thus anything but smooth during 1924, and in the latter part of the year the question whether it was worth while to retain the American advisers was freely discussed; a few of the more intelligent Persians, however, also put the question—what was to happen afterwards?

98. As regards external finance, the year was practically a blank one. The loan from America which was confidently expected in connection with the grant of the Northern Oil Concession to the Sinclair Oil Company never matured—nor did the concession. The representatives of the American Ulen Company returned empty-handed to the United States of America and secured no contract from the Persian Government for the construction of railways, roads, or any other public works.

Persian Debt to His Majesty's Government.

99. The question of the Persian Government's indebtedness to His Majesty's Government (see paragraph 98 of 1923 report) requires a separate notice. As soon as Serdar Sepah had got well into the saddle as Prime Minister, His Majesty's Minister exerted much pressure on him to regulate this debt and by dint thereof convinced his Highness that Persia's failure to meet her liabilities was the most serious obstacle to that improvement in Anglo-Persian relations which his Highness

professed to desire. Eventually Serdar Sepah, in view of His Majesty's Minister's impending departure on leave, agreed to assemble a mixed commission, over which he himself would preside, to examine with a view to settlement this and the other main outstanding questions between the two Governments. Although no definite acceptance by the Persian Government of their liabilities was secured, considerable progress was realised, and the position on both sides was clearly stated. An exhaustive discussion took place on each item of the British claim, and all documents supporting them were produced.

100. Just before his departure His Majesty's Minister made a private proposal to Serdar Sepah to the effect that the best way to settle the matter, and to avoid any further discussion and haggling over details, was to persuade His Majesty's Government, if it were possible to do so, to fix a minimum lump sum which they would be prepared to accept in liquidation of their total claims, advocating such a reduction that the amount requiring repayment could be met out of the limited Persian resources and would not constitute too heavy a burden on Persian revenues. Serdar Sepah agreed to this in principle, and a tentative offer was made very privately by the Persian Minister of Finance of slightly over £1 million in settlement.

101. On arrival in London His Majesty's Minister represented the advantages of this method of settlement to His Majesty's Government, and an inter-departmental conference was assembled to study the matter and make suitable recommendations. The proposals, after due deliberation, were adopted in principle and, after his return to Persia in December, His Majesty's Minister received final instructions on the subject. The claims, plus interest to March 1924, amounted in all to £4,549,200. Provided that the Persian Government undertook to assign the customs revenues or the oil royalties as security, His Majesty's Government were willing to accept £2 million in full liquidation. This was to be repaid in twenty-five years by an annuity, to run from the financial year 1926-27, of £180,000, which represented 7 per cent. interest and 2 per cent. sinking fund per annum on the capital sum. At the end of the year His Majesty's Minister was awaiting the return of Serdar Sepah from the south, in order to find a favourable opportunity of initiating a negotiation on these lines.

Financial Position of Persian Government: Trade and Exchange.

102. The financial position, exclusive of claims unregulated or in dispute, is as follows:—*

	£
Current debt	630,000
21,860,000 krans at 40	546,500
Total	1,176,500
Funded debt—	£
(a.) Indian loan	82,546
(b.) Persian Government 5 per Cent. Loan, 1911	1,171,388
(c.) Seven British Government advances	1,253,934
Grand total	490,000
	2,920,434

103. Instalments on account of capital and interest have been paid on (a) and (b) and interest only on (c).

	£
The amount borrowed during the financial year 1924-25 was	253,000
22,080,000 krans at 40	552,000
Total sum borrowed	805,000
The amount refunded during the same period was	327,000
21,680,000 krans at 40	542,000
Total sum refunded	869,000

showing a reduction in current debt of £64,000.

* Figures taken for the sake of convenience to end of Persian financial year, i.e., 20th March, 1925.

Customs receipts for the year 1924-25 were:—

	Krans.
Southern customs	19,789,000
	Krans.
Kermanshah	8,578,000
Duzdap	4,600,000
Resht	3,166,550
Tabriz	2,471,000
Meshed	2,105,559
Barfarush	276,550
	21,197,690
	40,986,690
	£
At 40	1,024,667
Anglo-Persian oil royalties brought in for same period	327,000
	1,351,667

104. Other sources of revenue, *e.g.*, Maliat, Public Domains, Posts and Telegraphs, opium, &c., cannot yet be accurately estimated, nor are the figures of expenditure available. If it may be assumed that all current expenditure for the year has been met, the future is not unhelpful, especially having regard to the fact that current indebtedness has been reduced by £64,000, after meeting the annuity of the funded debt. It is generally reported, however, that considerable payments on account of salaries, &c., are in arrears; the truth of the report and the extent of the arrears are, however, not ascertainable. There is therefore this query mark in the future.

Trade.

105. The subject is treated more fully elsewhere, but a brief summary may be useful here. During the year under review trade has shown a considerable expansion, particularly as regards exports. This has been mainly due to Russian activity throughout North Persia. Purchases of Persian produce, such as cotton-wool, dried fruits and rice, by Russia in Azerbaijan, Gilan, Mazandaran and Khorasan, have been on a very large scale. Without customs statistics, which are not yet available, it is not possible to estimate the value of these exports, but a fair idea of their magnitude is given by the state of the money market in Persia.

106. During the year under review money has been extremely scarce, and it has therefore been necessary to import a large amount of bar silver; the sum already imported and in transit amounting to some £500,000 to £600,000. It remains to be seen whether this will be sufficient to meet the requirements of the country for any length of time, but it can safely be said that abundance of money cannot be anticipated for some time to come.

107. Apart from exports to Russia, other exports, such as opium to the Far East and carpets and sheep casings to the United States of America, likewise show expansion.

108. Persia's import trade appears to have remained more or less stationary, and in this respect there is nothing particularly noticeable. The only new point is the Russian progress in an attempt to recapture the sugar markets of the north, and this is fully dealt with elsewhere.

Exchange.

109. The rate of exchange, if compared with the pre-war normal rate of 55 krans to the £, has remained low. During the year it has fluctuated between 39½ and 46½. The lowest point was touched in December. After that it rose to 42 and has remained steady at that figure. With the price of silver at a high level, *viz.*, 20 per cent. above pre-war, there is little or no prospect of seeing the rate of exchange appreciate to any extent in the immediate future. On the other hand, a fall in the price of silver abroad or any disturbance in the trade of the country, might bring about violent fluctuations.

Bank-i-Iran.

110. The question of the name, and with the name the pretensions, of the Bank-i-Iran, which had been dormant during 1923, came to the fore once again during the period covered by this report. In July the manager of the Imperial Bank of Persia protested against the action of the postal authorities in delivering a letter addressed to the "National Bank of Persia" to the Bank-i-Iran, instead of to the establishment under his direction, and his complaint was communicated to the Minister for Foreign Affairs by Mr. Ovey, who urged that as the title of the Bank-i-Iran was in itself misleading, urgent steps should be taken to put an end to a situation which was causing prejudice to the Imperial Bank of Persia. In his reply, however, Zoka-ul-Mulk stated that though the latter could claim by reason of its charter to the sole use of the title of Bank-i-Dowlati or State Bank, it could not object to the use by any other establishment of the title of Bank-i-Melli or National Bank. There the matter rested until the close of the year; but it seems doubtful whether the Imperial Bank of Persia would accept the ruling of the Minister for Foreign Affairs were its interests seriously affected by the Bank-i-Iran.

Internal Politics.

Sheikh of Mohammerah (1924).

111. It gradually became evident that the Sheikh of Mohammerah was dissatisfied with the arrangements for payment of revenue which he had made with the Persian Government at the end of 1923, and, moreover, regretted having given his consent to the presence of a small number of troops at Dizful. He likewise appeared to have little faith in the assurances given to him in 1923 by the Persian Prime Minister, and when the Political Resident at Bushire visited him in March he found the sheikh nervous and apprehensive.

112. After the settlement effected with the Persian Government in 1923, it had been arranged that the sheikh should send copies of his farmans to Tehran. This he did, and it only aroused his fears and resentment when he was informed that a decree issued by Muzaffer-ed-Din Shah in the Hejira year 1302—three months later than the date of his farmans—revoking all farmans relating to former State properties in the Gulf Ports, was held to annul his farmans. He had also obtained information that the Persian Government had refused to recognise the sale of some property which he had sold to the Imperial Bank of Persia, on the ground that the property did not belong to him. In his apprehensive state of mind and already discontented for other reasons, he saw in this act a deliberate effort on the part of the Persian Government to undermine his authority and influence. He immediately laid the matter before his tribes, who apparently agreed that his worst fears were about to be realised, and to all appearances the sheikh was prepared to throw down the gauntlet to the Persian Government. His Majesty's Chargé d'Affaires found it necessary to warn the sheikh against embarking on adventure, and promised to use his influence to have the matter of his farmans put right. The negotiations were somewhat protracted before the Persian Government were convinced that the Shah's decree did not include those properties belonging to the sheikh, and the latter had resumed his preparations for defending himself by force. These preparations were soon known in Tehran, and the Prime Minister seemed averse from informing the sheikh that a mistake had been made unless the latter sent him in the first place some friendly assurances. This was finally arranged, and the Government informed the sheikh that they had been mistaken and had only meant to remind the sheikh that the terms of his farmans forbade sale of his properties to others. The matter appeared to have been finished satisfactorily, but at the end of August the Prime Minister, just before leaving for Luristan, sent a bombastic telegram, very stupidly conceived, which again brought doubt into the sheikh's mind as to the reliance he could place in Serdar Sepah. The officer commanding troops in Northern Arabistan did not help matters by ousting the Governor, proclaiming martial law and endeavouring to increase his forces for a reputed march on Ahwaz. The sheikh again began to waver, and a visit to him of Amir Mujahid Bakhtiari was certainly not conducive to a restful state of mind. There is little doubt that Amir Mujahid must have promised the sheikh armed Bakhtiari support if he would challenge Reza Khan, and, although the latter recalled the officer commanding troops from Northern Arabistan, it was too late to make a further favourable impression on the sheikh. On the 9th September the sheikh laid down four conditions as necessary before he would abandon his defensive measures. He required: (1) Written guarantees for

the lives and properties of his supporters, including Amir Mujahid; (2) the withdrawal of all troops from Arabistan and Behbahan; (3) the cancellation of the revenue agreement of 1923; and (4) more specific confirmation of his farmans. He was informed that conditions (2) and (3) were impossible, but that the first and last conditions might be accepted. The sheikh followed by telegraphing to the Shah, on the 14th September, to return to Persia via Arabistan, and sent a telegram on the same day to the Parliament, with copies to the foreign Legations, that he considered Serdar Sepah a usurper. Serdar Sepah returned from Luristan two days later, and was somewhat astonished to learn that the trouble with the sheikh had again broken out. He informed His Majesty's Chargé d'Affaires that the sheikh had been quite wrong to take umbrage at his telegram, and that he was still quite willing to confirm the sheikh's farmans by letter, and guarantee the lives and properties of the sheikh, his family and Amir Mujahid, but that the latter must leave Persia until he permitted him to return, and that Sheikh Khazal should also leave Arabistan for three months. He further promised not to take any military measures against the sheikh's people during that period, and that at the end of the period he would allow the sheikh to return on the latter making a suitable declaration of submission. Each side now stood firmly by their respective points of view, and all efforts by His Majesty's Chargé d'Affaires to find a means of rapprochement between was of no avail. At one moment when the sheikh appeared to waver and to be ready to listen to good advice, some promise of help from Bakhtiari or elsewhere reached him. If Serdar Sepah gave way on one essential condition, the sheikh refused to give way on others. Persian Government troops began slowly to find their way down to Isfahan and Shiraz. New Governors were installed in Bakhtiari, and further concentration of troops took place in Isfahan. The Prime Minister lost hope by the beginning of November of any friendly settlement, and left Tehran early in the first week of that month for Isfahan and the south. The only hope of a bloodless settlement was now a meeting between the two antagonists in the presence of His Majesty's Minister, who was returning to Persia from leave of absence. The Prime Minister made his way slowly down to Shiraz, whilst His Majesty's Minister arrived at Ahwaz from Bagdad on the 13th November. His Majesty's Minister immediately interviewed the sheikh, and the latter sent a telegram of submission on the 14th to the Prime Minister, who was at Shiraz, requesting an opportunity to meet him. The Prime Minister had originally agreed to meet the sheikh and His Majesty's Minister at Bushire, but he changed his plans, and in his reply to the sheikh accepting his submission he requested the latter to come towards Behbahan to meet him. This exchange of telegrams occupied much time, as they were in Persian and had to be sent by post. Meanwhile the Prime Minister continued to concentrate his troops in the direction of Arabistan, and, not receiving any immediate reply from the sheikh, the troops continued to advance. Finally, the reasons for the delay in the telegrams were explained, and the Prime Minister arrived in Ahwaz on the 6th December. He received the sheikh's submission on the next day and granted him a pardon for his past offences.

Cabinet.

113. On the 13th April, 1924, the Prime Minister reconstructed his Cabinet consequent on two of his Ministers taking their seats in Parliament, Suleiman Mirza, a Deputy for Tehran, being displaced by Mushteshar-ed-Dowleh as Minister of Public Instruction, and Haji Izz-el-Mamalek, Deputy for Dizful, being replaced by Mushar-ed-Dowleh as Minister of Public Works. At the same time, Amir Iktidar—ex-Governor of Isfahan—succeeded Khodayar Khan as Minister of Posts and Telegraphs.

114. The Cabinet thus reconstructed lasted until the end of August, and on the 31st of that month a further and more fundamental reconstruction took place. The most important change effected in this second reconstruction was the introduction as Minister for Foreign Affairs of Mushar-ul-Mulk. This gentleman had returned some six months previously from an enforced stay in Europe, and by reason of his well-known energy, activity and honesty, his advent as Foreign Minister was a very hopeful sign. It is agreeable to record that this hope has been justified, and he has shown himself a worthy incumbent of that post and, in fact, one of the best Foreign Ministers that Persia has had for some years.

115. Other changes were the introduction of Serdar Assad Bakhtiari as Minister of Posts and Telegraphs, from which Ministry Amir Iktidar changed over to become Minister of Interior.

Officials.

116. During the year under review, most of the Provincial Governors have been changed. Hishmat-ed-Dowleh replaced Serdar Assad Bakhtiari in Khorasan, Vossuk-es-Sultaneh replaced Nosret-ed-Dowleh in Fars, and Nizam-ed-Dowleh replaced Serdar Mazozzam at Kerman. Shereef-ed-Dowleh, recalled in the spring from Luristan, was reappointed to the same post in the early autumn.

117. The Military Governorship was preserved in Azerbaijan, and Gilan likewise was placed under military control. Even in those provinces where Civil Governors exist, their powers appear to be extremely limited and affairs are carried on mostly in accordance with the wishes of the officers commanding troops in the province.

Road Guards.

118. The security prevailing on the roads has been well maintained during 1924, Fars being the only province where marauding tribesmen have, in a few instances, pillaged caravans, but, in many cases, the property stolen has been recovered.

119. The road guard administration still, however, leaves great room for improvement, for which lack of funds is perhaps primarily responsible. The right type of man in general either has not been found or does not exist. The present guards prey on travellers as much as they protect them, and are frequently most discourteous and sometimes become threatening. If more care were exercised in the choice of individual guards and funds permitted closer supervision of the service in outlying places, events like the murder of Mr. Cox in Fars would be impossible.

Tribes.

120. *Lurs*.—During the whole year under review, military operations in Luristan have continued. Some of the Lur tribes have been disarmed, but others have remained in rebellion, and all the efforts of the Persian Government troops to disarm them have failed by reason of the fact that they retire into the mountains, where they are out of reach of the military. An account of these military operations in Luristan appears in another part of this report.

121. The road between Burujird and Ahwaz is now open, but the real test of security will be when the tribes move up in the spring to their summer quarters, as the majority of them are still armed and have not so far formally submitted to the Government.

122. *Pusht-i-Kuh*.—Whilst the army was occupied in opening up the road to the south of Khorremabad, another army was circulating around Kermanshah to march into the Pusht-i-Kuh country bordering on the west of Luristan. The Vali of Pusht-i-Kuh had for long years enjoyed a semi-autonomous position *vis-à-vis* the Central Government and had supported and received support from the Lurs. After the penetration of the army into Southern Luristan he considered that discretion was the better part of valour and on the approach of the forces of the Central Government he quietly crossed over the border with his family and took refuge in Irak. The Persian forces are now in occupation of Pusht-i-Kuh, and discussions are going on between the Vali and the Central Government, but no definite result appears to have been reached in so far as the return to Persia of the Vali is concerned and he still remains a refugee in Irak.

123. *Bakhtiari*.—Internal affairs of the Bakhtiari were in a state of some confusion for the first nine months of the year under review. The decision taken by the Persian Government in 1923 to allow the Northern Chahar Lang tribe to be independent of the Haft Lang Governors greatly diminished the authority of the latter in Bakhtiari. The Janeki section of the Chahar Langs began to agitate for similar independence, and their chiefs, who came up to Tehran to present their case to the Government, received some encouragement. This threatened to undermine completely the authority of the Ilkhani and Ilbegi, and the latter was obliged to come to Tehran and threaten resignation unless the Janeki section was left under his orders. The Janeki dwell around Mamatain where the oil company were working, and there was some danger that the latter's operations might be hindered. The Central Government, in spite of repeated warnings by His Majesty's Minister, only perceived the danger of diminishing the authority of the Ilkhani and Ilbegi when fighting actually broke out between two sections of these Janeki and threatened to spread further. Amir Jang, the Ilbegi, was able, however, in May to effect a satisfactory

agreement and returned to Bakhtiari in June. Now, however, new trouble arose. Amir Mujahid, with a certain following of Haft Lang Bakhtiaris, refused to recognise the authority of the Ilkhani and Ilbegi—Serdar Mohtesham and Amir Jang—and many of the other khans secretly abetted him. The military threatened an expedition to Chahar Mahal, and the situation grew gradually worse. In August the Prime Minister instructed the principal khans to gather in Isfahan and discuss their affairs with the Minister of the Interior; Amir Mujahid alone of the senior khans was not present. At this meeting the khans composed most of their differences and recommended that Serdar Zafar should be appointed Ilkhani and Serdar Jang Ilbegi. Meanwhile, a small force had advanced to Chahar Mahal, and in spite of the apparent contentment of the senior khans, the junior khans and some of their following seemed inclined to throw in their lot with Amir Mujahid. The tribe feared an advance by the military through Bakhtiari towards Arabistan, on which place from three sides the Persian Government were busy making plans for a concentration of troops in case the Sheikh of Mohammerah should not submit to the Government. Murteza Kuli Khan, who had fled from Chahar Mahal on the approach of the troops, and Shahab-es-Sultaneh were busy gathering a few thousand men around them and threw in their lot with the Sheikh of Mohammerah. Amir Mujahid with a small following went towards Behbahan and succeeded in inducing some of the Kuhgilui to join him. The Sheikh of Mohammerah was still hesitating between peace and war, but luckily there were no Government troops yet near enough for him to fight. The situation remained thus pregnant with danger until His Majesty's Minister arrived in Ahwaz in November and persuaded the sheikh to submit to the Persian Government. Murteza Kuli Khan and his Bakhtiaris announced likewise their wish to submit; Serdar Zafar succeeded in getting down to the tribes' winter quarters, and the advent of the Prime Minister at Ahwaz finally restored equilibrium to an extremely shaky situation. Amir Mujahid was persuaded to go to Europe peacefully, and the situation in Bakhtiari thereafter became normal.

124. *Kashgai*.—Apart from occasional looting of small caravans carried on by certain sections of this tribe, the Persian Government have had them well in hand. Their paramount chief, Soulet-ed-Dowleh, had himself elected to the Fifth Majlis as the tribes' representative, but could not make up his mind to leave the tribe and come to Tehran to take his seat, and it was not until he received a peremptory summons in September from the Prime Minister to do so, that he finally did decide to come to Tehran, where he still is. The affairs of the tribe are being administered by his son, Naser Khan, who was appointed Ilkhani some three years ago, and Soulet's absence seems to have brought about a state of quiet in those regions where the various sections of the tribe dwell.

125. *Khamseh Arabs*.—Kawam-ul-Mulk, the chief of these Arab tribes, has continued to rule over them justly and well, and there have been no causes of complaint against them. Kawam accompanied the Prime Minister on his journey through Bushire to Arabistan, and only took leave of him in Bagdad, whence he returned to Shiraz via Bushire. The Prime Minister appears to have formed a great liking for Kawam-ul-Mulk, whom he greatly praised to His Majesty's Minister.

126. *Sarhad*.—At the beginning of the year under review, the Persian Government were busily occupied in taking over and policing the Sarhad. One force had started from Seistan, and was to march on Duzdab, Mirjawa and Kwash, and replace the British Indian garrisons in those places by garrisons of Persian troops, and another force was sent out from Kerman to Rudbar, where it was to halt in order to overawe Zargham-es-Sultaneh, a local Rudbar tribesman of some repute. These operations were to be completed by the spring and the positions acquired consolidated. In the following autumn both forces were to move down to Bampur, occupy Persian Baluchistan, and reduce Dost Muhammad, the principal Baluch rebel chief, to submission. The first part of the programme was quickly and successfully carried out: Duzdab, Mirjawa and Kwash were occupied, and early in April the British Indian garrisons had all been entirely relieved in the Sarhad. Rudbar was quickly occupied, and Zargham-es-Sultaneh made his submission. At this time the Persian Government decided to see whether Dost Muhammad could not be induced to submit without embarking on further military expenditure, which the barren nature of the country in question hardly seemed to warrant. Accordingly, emissaries of the Persian Government went to Bampur and found Dost Muhammad inclined to submit and receive a Persian Governor; moreover, he promised to pay taxes to the Persian Government, which for some seventeen years they had not been able to collect. The

success of the operations in the Sarhad had evidently brought Dost Muhammad to his senses, and in these circumstances it was decided that no further military expedition was necessary. At first it was decided to appoint a Governor from Tehran and make Dost Muhammad Deputy Governor, but pending the arrival of the Governor it was decided that Dost Muhammad should act as Governor and be responsible to the Persian Government for security and order. Such were the arrangements in force at the beginning of the summer, and after leaving sufficient garrisons in Kwash, Duzdab and Mirjawa the Seistan force withdrew from the Sarhad. The arrangements appear to have worked smoothly. In May some Yarmuhammadzais attacked Kwash fort, but were easily beaten off and pursued, and that is the only trouble the Persian authorities have had in the Sarhad. Dost Muhammad appears to have behaved generally satisfactorily, although he has from time to time unsuccessfully tried to intrigue amongst the tribes and induce them to misbehave. Only one raid has been made across the border into British Baluchistan by some Damani tribesmen in the Sarhad, who carried off half a dozen camels from Azad on the railway. It looked as if it might have been an experiment to see how far the railway was guarded. Immediate representations were made to the Persian commander, who warned the Damani not to repeat the experiment, and the warning appears to have been sufficient.

127. It is not to be expected that Dost Muhammad will continue to be on his best behaviour for very long, but it seems that he will have to do something very bad before the Persian Government will consent to send an expedition against him, in view of the more pressing Turcoman question which is likely to absorb all the energies of the eastern command.

128. *Kurdish Tribes*.—During 1924 Sheikh Mahmoud was in correspondence with several Kurdish chiefs on the Persian side of the frontier, more especially with a section of the Pizhder tribe. This tribe was itself divided, one section being for and the other against Sheikh Mahmoud. Complaints were received from time to time from His Majesty's High Commissioner in Bagdad that certain Persian military officers on the frontier were encouraging Sheikh Mahmoud; that a section of the Pizhder tribe was friendly to him; and that his adherents were even frequenting the town of Baneh in Persia, where they were obtaining provisions and arms. These complaints were repeatedly brought to the notice of the Persian Government, to whom it was pointed out that such help was most injurious to Persia, as the sheikh's plan for an independent Kurdistan was quite as prejudicial to Persia as it was to Irak, and that it was to the advantage of both countries that Sheikh Mahmoud should be forced into submission—an object which encouragement given to him by Persian officials would only retard. The Prime Minister decidedly agreed with these views and sent repeated orders to his officers on the frontier to abstain in every way from encouraging Sheikh Mahmoud and to prevent Persian Kurdish chieftains from helping him. These orders could, however, only be partly carried into effect, as the Central Government had not yet brought the whole of Persian Kurdistan under control, and some help and encouragement were still being given to Sheikh Mahmoud by those chiefs who were outside the direct control of the Central Government. Eventually the re-occupation of Suleimanieh by the Irak Government in July made Sheikh Mahmoud's position more precarious, and encouragement from the Persian Kurds has diminished in proportion.

129. During the year under review Simko, who, after his defeat by Persian Government troops in 1922, had taken refuge in Turkey, has been in negotiation with the Persian Government with a view to obtaining a pardon and a guarantee for his life, and permission to return to Persia. The Persian Government were willing to accord him his request, and Simko had come to the Persian frontier to negotiate the details with the Persian commander of the North-West Division. This reconciliation, however, does not appear to have pleased the Turks, who, when they heard of it, arrested his wife and family and threw them into prison, where they threatened to keep them unless Simko returned immediately to Turkey.

130. The Prime Minister, who imparted this information to His Majesty's Minister, appeared very much annoyed at this action of the Turks, and not a little exercised in mind as to what it could mean.

131. Sayyid Taha, an ex-accomplice of Simko and now Kaïmakam of Rowanduz, has been less fortunate in his negotiations with the Persian Government. He has repeatedly asked for permission to send an agent to Sanj Bulak in Azerbaijan to look after his properties, but the Persian Government have consistently refused. His

Majesty's High Commissioner at Bagdad requested His Majesty's Minister to intervene on behalf of Sayyid Taha, but the Persian Government have remained obdurate, alleging that Sayyid Taha is a Turkish subject, and that in the past he has done much harm to Persia. They consent, however, to his selling his lands to a Persian subject, but he must give up all intention of returning to Persia.

132. Serdar Reshid of Rawansar, whose power for evil was broken as a consequence of the military organisation in West Persia, and who had been exiled to Tehran in 1923, succeeded in escaping from Tehran disguised as a woman in the spring of 1924. He quickly made his way back to his old haunts around Rawansar and succeeded in collecting a few hundred of his former adherents. During the summer a military expedition was organised against him, which finally succeeded in harrying him across the frontier. Serdar Reshid took refuge in Bagdad, but in the late summer he appeared in Ahwaz, where he joined the Sheikh of Mohammerah. On the peaceful solution of the differences between the Sheikh of Mohammerah and the Persian Government, Serdar Reshid returned to Irak. Later he suddenly appeared in the sacred precincts at Nejed at the moment when Serdar Sepah was on pilgrimage there, threw himself at the latter's feet and received a pardon. He subsequently accompanied Serdar Sepah to Bagdad, but remained there and has not yet returned to Persia.

133. *Sinjabis and Kalhurs.*—These two Kurdish tribes, who inhabit the neighbourhood of the main road from Kermanshah to Khanikin, have been generally quiet. The Sinjabis made a small raid into Irak territory in April and carried off a few sheep, but they have since been orderly and quiet. Two of their chiefs who were arrested in 1923 and imprisoned in Hamadan still remain prisoners there.

134. After the murder of Amir Aazam Kalhur by his nephew in 1923, the former's family took refuge at Mendali in Irak and remained there during the whole of 1924.

The Majlis.

135. The Fifth Majlis was formally opened by His Imperial Highness the Prince Regent on the 11th February. Almost before it had had time to examine the credentials of individual Deputies or to make its own internal arrangements preparatory to beginning business, the Republican agitation was in full swing. Serdar Sepah had every reason to expect the Deputies in this Parliament, who had mostly been elected by his help or at his behest, to stand firmly by him in his attempt to bring in a Republican régime. It is quite likely that they would have fulfilled his expectations had they not been overawed by the vehemence of the public anti-Republican demonstrations in the capital. Thereupon they realised that they were legally debarred from tampering with the fundamental laws of the Constitution, as they had not been elected especially for that purpose, and they therefore beat a prudent retreat and took shelter behind the Constitutional Law. The agitation continued for some time, and it was not until the beginning of the summer that the Majlis had sufficiently recovered from the shock to settle down to business.

136. It may be said that during 1924, although it accomplished nothing of outstanding merit, yet it compared very favourably with former parliaments. The continual bickerings and wranglings which so characterised the Fourth Parliament were noticeably absent in this Majlis. The reason for this may be ascribed to the strong personality of the Prime Minister and the wholesome dread which he and his army inspired in the minds of the Deputies. If, indeed, it had accomplished nothing very meritorious, it had at the same time done nothing bad, and its actions appeared pleasantly moderate and sober after the continual violent storms which marked the career of its predecessor. It may well be that it will succeed in enacting some beneficial and advantageous laws during the remainder of its two years of life.

137. When once the internal political atmosphere had become normal, the Majlis devoted its energies to giving the final touches to the Northern Oil Concession Bill, but when everything appeared to be arranged, the Sinclair Company announced its inability to furnish the loan of 10 million dollars. It was exceedingly trying to the Parliament to see that not only its own time, but also a great part of the time and energy of the previous Parliament had been wasted over debates on this Bill, and when the Sinclair Company announced that it was willing to take the concession without giving the loan, the Majlis disdained to answer.

138. The following are the more noticeable enactments which it made during the period under review :—

- (1.) Ratification of a Bill acquiring the shipping rights on Lake Urumia from Messrs Stevens and Boudaghiantz for 320,000 toman.
- (2.) A curtailment of the Court budget.
- (3.) An amendment of the Civil Service Law so as to admit into the civil service young men of ability and education, possessing the necessary certificates.
- (4.) The engagement of a German professor to direct a new technical school in the place of the former German school.

139. In addition to an Income Tax Bill which was discussed and shelved indefinitely, the following Bills were presented, but no decision had been reached by the end of 1924 :—

- (1.) A Bill controlling weights and measures.
- (2.) A Trade-Mark Bill.
- (3.) A Bill amending the Electoral Law.
- (4.) A Bill assigning the exploitation of oil in Gilan to a Persian company.

Other important Bills which were being examined in commission preparatory to being brought up for public discussion were :—

- (1.) New Commercial and Criminal Codes.
- (2.) A compulsory Military Service Bill.
- (3.) A mail contract by motor service between Tehran and Beirut proposed by the Eastern Transport Company.

Republican Movement.

140. In January the Tehran press reproduced an article from the Constantinople newspaper "*Wakat*," which commented favourably on a suggestion that Persia should become a republic with Serdar Sepah as president thereof. Although Serdar Sepah in a press interview disavowed any such intention on his own part, he concluded by stating that the principal object he had in view was the regeneration of Persia, and that the system of Government was of little importance in that connection. (Whilst openly pretending to be disinterested in this incipient agitation, his general attitude indicated acquiescence in a movement which appeared to emanate from the people. His personal relations with the Shah and the Prince Regent were certainly strained, and he took no steps worth mentioning to put a stop to the venomous and libellous attacks on the person of His Majesty and on the Kajar dynasty, although he had complete control of the press. (In fact, those papers which he was known to subsidise were the leaders in this agitation.) Whilst this was the attitude of the Government in Tehran, reports in the provinces all showed that the movement there was initiated and sustained by the military, who would not have dared to use their influence so openly had not orders to do so reached them from their chief. The agitation grew apace and still had all the appearance of a popular movement. Delegations arrived in the capital from the nearer provinces and telegrams from more distant places, all asking for the deposition of the Shah and a change of régime. In the middle of all this agitation, the Prince Regent opened the Fifth Parliament on the 11th February. At the end of February the Soviet Government sent a telegram of greeting to the Majlis, expressing the hope that under the wise guidance of Serdar Sepah, the Persian people would receive new life. Meetings and demonstrations in favour of a republic continued to be held in the mosques and other places of assembly, both in the capital and provincial towns; crowds gathered in the provincial telegraph offices calling upon the Majlis to bring about a change of régime and threatening to remain there until an affirmative answer was received. No signs of opposition were yet apparent, although it had now become evident that it was the Government itself which was fostering this agitation. About the middle of March some signs of disagreement appeared. News had arrived of the abolition of the Caliphate and the expulsion of the Caliph, and the ulama began to wonder what was to be their fate in a Persian Republic. Meetings in the mosques found opposition speakers; an open-air pro-republican meeting in the capital was poorly attended and ended in a fiasco, for which, however, it may be said the bad weather was partly responsible. On the 14th March the Majlis had its first open session, and discussion on this subject led to a split in the majority party. Further abortive discussions continued during the next few days. On the 19th March some hired partisans of the movement attempted to close the bazaars; the merchants resisted, and the attempt failed. Counter-demonstrations now took place, people

flocked to the mosques to listen to religious speakers denounce a republican régime as contrary to Islam. The police tried to bar the way to the mosques, and the people congregated in the open bazaars to signify their abhorrence of a republic. A day's truce took place on the 21st March, the Persian New Year, but the time-honoured salaam at the palace was not held. On the 22nd March it was rumoured that the Deputies were finally to take a decision on the question, and a cordon of police was drawn round the Parliament building to prevent an incursion by a crowd which was rumoured to have gathered in the bazaar for that purpose. At about 4 p.m. the crowd numbering something over 5,000 arrived, broke through the police and gained admittance to the Parliament grounds, where they proceeded to demonstrate against the proposed republic. It required two companies of infantry with fixed bayonets to eject them after there had been a considerable number of missiles thrown, one of which hit Serdar Sepah as he entered the grounds. Many arrests were made, and the more prominent leaders were banished to the country; but the republican ghost was laid, at any rate for a long time to come. Serdar Sepah made a New Year pilgrimage to Kum where he met the ulama, who were about to return to Irak. They are said to have criticised his conduct unsparingly, and threatened many severe penalties unless he abjured the republic. He returned to Tehran on the 27th March, and on the 1st April issued a proclamation advising the people to give up all discussion of the régime and to unite and work for the regeneration of the country. The collapse of the movement wounded his pride greatly, and (after sulking in his house for a few more days) he resigned on the 7th April and left Tehran for his village at Bumahind, near Demavend.

141. Such a *dénouement* had not been entirely unexpected, but if the Deputies had found themselves unwilling and constitutionally unable to tamper with the fundamental laws of the country they were equally unwilling to abandon Serdar Sepah, who had, in spite of mistakes, done more good work for the country than any other Prime Minister within living memory. Menacing telegrams began to arrive from the army commanders in the provinces, threatening a march on Tehran if Serdar Sepah were not reinstated. The army was therefore evidently solidly behind him, and, unless he were appeased, it was not improbable that he might be tempted to bring about by force that which he had failed to bring about by constitutional means. On the 8th April, the Majlis passed a vote of confidence in him and decided that a deputation should visit him to acquaint him of the fact and ask him to return and resume the reins of Government. On the 9th April he accepted the invitation and returned to his country house near the capital, and on the 13th April he reformed his Cabinet and resumed power. Conditions thus began to return to the normal state, although news still arrived that, in certain outlying provinces, republican agitation continued, but it gradually died down as news of events in the capital received confirmation.

142. Throughout the whole of this controversy the Prince Regent preserved a dignified silence. During the few days preceding the new year, he had been visited by deputations of notables and Deputies advising him to leave the palace and retire to a private residence, even hinting that did he not do so, his life would be in danger. His Imperial Highness obstinately refused to listen to these counsels, and said that he would only quit the palace after the dynasty had legally and constitutionally been deprived of its power, and that he would remain where he was even if it meant the sacrifice of his life.

143. There is little doubt that this courageous attitude of the Prince Regent made a deep impression on the people and provided the anti-republican party with a strong rallying point, of which it was not slow to take advantage. Had the Prince Regent listened to the advice tendered and left the palace, it is probable that the result of the republican movement would have been quite different.

144. The attitude of the Soviet Republic during this agitation is not without interest. Mention has already been made of the telegram sent to the Majlis, which was taken to imply that the people should blindly follow the lead given to them by Serdar Sepah. The Soviet Legation undoubtedly encouraged Serdar Sepah in his plan, although one of its chief agents, Khalisseh Zadeh, was amongst the first to make open opposition. This, however, was explained away by the Soviet Legation announcing that Khalisseh Zadeh was no longer under their influence. As the opposition hardened, the Soviet representatives let it be known that they were in favour of a people's republic which one man would direct autocratically. After the Majlis vote of confidence in Serdar Sepah and his resumption of power, the Soviet representative again became friendly and their consul-general in Meshed

naively announced that they were now in favour of a republic with Serdar Sepah as its President as they had made up their quarrel with him. Needless to say, this double change of front did not escape the notice of Serdar Sepah and tended greatly to destroy any remaining confidence he might have in Soviet promises.

Persian Press.

145. During the first seven months of 1924, the anti-British agitation in the Persian press continued, perhaps not quite so violently as in the previous year, but it was sufficiently objectionable to call for official protests by His Majesty's Minister and later by His Majesty's Chargé d'Affaires to the Persian Government not only in regard to the tone of the press in the capital, but also to that of several provincial towns and notably Meshed and Shiraz. The Tehran newspaper "Sitareh Iran" was especially objectionable, and even impugned the veracity of His Majesty's Minister. Strong representations had to be made to the Persian Government in that connection, and the editor was obliged to visit His Majesty's Minister and offer his apologies as well as retract his statements in a subsequent issue of his newspaper. Matters which the gutter press seized upon and proceeded to distort in a most impudent and hostile manner were the alleged British ultimatum to Afghanistan and the failure of the Sinclair Oil Company to find the 10 million dollar loan which was one of the stipulations to be fulfilled when the Persian Government granted that company the North Oil Concession. The murder of Major Imbrie, the American consul, provided the newspapers with further matter for levelling abuse at the British, and insinuations which were by no means covert, were made that the British were responsible for that sad event. His Majesty's Chargé d'Affaires was obliged to make energetic protests on this subject to the Persian Government, with the result that they issued strict orders everywhere that all references to the policy of foreign Powers were to be obliterated from the press. These orders were strictly carried out everywhere and a loose form of military censorship of the press was instituted. The result has been that for the last five months of the year the press has behaved itself to quite an unexpected degree, and there has since been practically no further cause for complaint.

Reuter's News.

146. The Persian press is dependent for news from abroad on the various wireless stations—French, Russian and German—and Reuter's Telegraphic Agency.

147. Unfortunately, Reuter's news arrives somewhat later than the wireless news, but as a rule it is generally more appreciated both because it gives more universal and detailed news and is considered more reliable. It is to be regretted that as the cost of publishing Reuter is high, regular subscribers are few, and although the local agency is expected to show some profit, actually it had been found in practice to be somewhat difficult to cover expenses, until His Majesty's Government consented provisionally to make a small local grant. Moreover, this year the Indian Telegraphs decided that they were no longer able to send Reuter's news up into Persia free of charge, and unless His Majesty's Government had consented to make an annual payment to the Indian Telegraphs, the service would undoubtedly have been discontinued. This would have been an irreparable loss, as Persia would then have been entirely dependent for outside news on the various non-British wireless agencies, at least one of which is directed in a sense hostile to British interests, whilst the others occupy themselves almost entirely with their own news.

148. Since the arrangement between His Majesty's Government and the Indian Telegraphs was made His Majesty's Legation has urged the Persian section of the Indian Telegraph Administration to speed up the news, and although it is impossible to compete in speed with the wireless agencies, some amelioration is now noticeable.

Gulf Ports.

149. *Bahrein*.—A Shiraz newspaper, the "Gulistan," printed an article in July concerning the discovery of oil in that island, announcing that the ruler of Bahrein had granted a concession for its exploitation to a certain company, which act had aroused a protest from the Anglo-Persian Oil Company on the pretext, added that paper, that the concession for exploiting oil in South Persia belonged to the Anglo-Persian Oil Company. The Shiraz press has been in the habit of stirring up

the question of the status of Bahrein for some years, and there was no reason to believe that there was any official encouragement given on this occasion.

150. In August a Bahreini, having a passport issued by the Bombay Government, applied to the Persian consul at Basra for a visa to enable him to go to Mohammerah. The Persian consul refused to visa the passport, saying that he had standing orders to issue Persian passports to all Bahreinis. His Majesty's Chargé d'Affaires addressed an official protest to the Persian Ministry for Foreign Affairs to the effect that His Majesty's Government were not prepared to envisage interference of that nature, and requested that the Persian Government should issue instructions to their consul at Basra in order that the recurrence of such incidents might be prevented. No reply was received from the Ministry for Foreign Affairs.

151. *Koweit*.—In August the Persian consul in Basra informed His Majesty's political agent in Koweit that he intended to send a representative there to issue passports to Persian subjects residing in Koweit, and requested the political officer's help. The Sheikh of Koweit was opposed to this procedure, as he regarded it as an encroachment on his jurisdiction over foreign subjects. The Persian Minister for Foreign Affairs, from whom His Majesty's Chargé d'Affaires requested an explanation of the proposed visit, informed the Legation that Koweit was within the consular district of the Persian consul at Basra, and the visit was being made at the request of the Persians residing in Koweit. On being informed orally that the sheikh would probably raise objections to the visit, the Minister for Foreign Affairs agreed to instruct the Persian consul in Basra not to proceed with the idea.

152. *Sheikh Shuaib Lighthouse*.—In 1921 the Government of India had considered it necessary to erect a lighthouse on Sheikh Shuaib Island for the general safety of shipping in the Persian Gulf, and particularly for vessels approaching Bushire. The necessary material costing nearly £8,000 was ordered and arrived in the Gulf. However, as the island belonged to Persia, her permission was necessary before the project could be carried out. After much correspondence the Persian Government decided in 1923 themselves to build the lighthouse.

153. Needless to say, they have done nothing of the kind, but in March the officer commanding troops at Bushire stated that he had received orders to purchase two steamer mast head lights to be used apparently on Sheikh Shuaib Island in lieu of a lighthouse. Such a scheme would have been useless as a help to navigation and does not seem to have been pursued. The lighthouse material brought out in 1921 is still lying unused and is deteriorating, but, in accordance with instructions, His Majesty's Minister has not addressed the Persian Government any further in the matter.

154. *Lirawi*.—In March of this year, Hajji Sayyid-es-Sultaneh visited Bushire with the intention of removing the lease of Lirawi to his tenant Aga Khan. He had hoped to interest the Imperial Bank of Persia in the matter by obtaining an advance from them in return for an undertaking by Aga Khan to pay the revenues into the bank. A similar arrangement made formerly with the bank had, however, not proved satisfactory, and the bank refused the request. Hajji Sayyid-es-Sultaneh therefore sold two-thirds of Lirawi to Aga Khan and leased him the remaining one-third with the option of subsequent purchase.

155. *The Bushire Hinterland (Dashtistan and Tangistan)*.—The small force operating in Dashtistan for the collection of revenue and the destruction of the forts which the petty chiefs had built there continued its good work during the first few months of the year and brought that outlying part of the country entirely under subjection.

156. Tangistan has remained quite peaceful during the whole period, and it is no exaggeration to say that the Bushire hinterland has not been so quiet for nearly twenty years.

Murder of Mr. Cox.

157. Mr. Cox, an ex-sergeant in the South Persia Rifles and garage proprietor at Shiraz, left Bushire on the 26th October by car for Shiraz with one passenger. Near Konartakhteh, some 40 miles south of Kazerun, the car broke down and Cox went to the village of Charrun near by to try to obtain help from a road-guard post there. The road guards being unable or unwilling to help, an altercation ensued between Cox and the head guard, named Bahman, resulting in Cox striking Bahman and knocking him down. The guard died an hour and a half later, whereupon another road guard went to the car and shot Cox dead. An autopsy performed on

Bahman's body revealed the fact that he was suffering from chronic disease of the heart to such an extent that any sudden shock might result in his death. The murderer fled to the hills. His Majesty's Minister informed the Persian Government that His Majesty's Government reserved to themselves the right of demanding an indemnity for the widow, who is left penniless, and efforts have been made to induce the Persian Government to make a spontaneous offer in this connection. The murderer was still at large at the end of the year, and orders were then given to the military to co-operate with the rural police in trying to arrest him, and the Persian Government have agreed to the presence of His Majesty's consul, Shiraz, at the trial whenever the criminal is apprehended.

IV.—CAPITULATIONS.

Taxation of Foreigners.

158. The year has been signalised by two developments in the question of the payment of taxes by foreigners, viz.: The Persian Government have at last replied to the collective note of 1922 regarding municipal taxes; and Bills have been submitted to the Majlis to introduce taxes on sales and income, and another regulating the taxation of means of locomotion and transport in Tehran.

159. The reply to the collective note of the 14th June, 1922, was dated the 19th March, 1924, and was not worth the trouble taken, principally by His Majesty's Legation, to extort it from the Persian Government. It maintained that the taxes did not contravene treaty rights, that they had all been sanctioned by the Majlis as part of the budget, and that the demand for guarantees was an interference which could not be admitted. The Persian Government was also able to dig up a forgotten law establishing taxes on means of transport, which it quoted in support of the legality of the taxes. The only satisfaction given to requirements put forth in the collective note was a vague statement that "the better organisation" of the taxes "is under the consideration of the Government." To this note the Legations concerned, after consultation with their Governments and each other, replied, in an identic form, that they could only maintain the point of view of the note of 1922. (The American Legation did not join in this reply; its position in the matter is a delicate one, owing to the fact that the financial reorganisation of Persia is in the hands of American advisers who hold strong views that foreigners are not paying their footing in the country; it therefore found a convenient excuse in the general instructions from Washington, to the effect that no other business with the Persian Government should be dealt with till the Imbrie murder case had been settled.)

160. The Income Tax Bill was laid before the Majlis on the 29th March, and the Sales Tax Bill on the 29th April. No information was obtainable from the Persian Government, but the Legation succeeded in obtaining copies privately, which were submitted to His Majesty's Government. They were examined by the Department of Overseas Trade, who considered that the income tax did not present any objectionable feature which would make it specially desirable to prevent its imposition on British subjects; the sales tax might, however, be regarded as a tax on goods, and therefore contrary to the Anglo-Persian Commercial Agreement in so far as imported goods were concerned. His Majesty's Chargé d'Affaires had concluded that the imposition of new taxation on subjects of the capitulatory Powers, without the consent of their Legations, should be resisted, and the leverage thus obtained should be used to induce the Persian Government, at an eventual round-table conference, to reconfirm existing capitulatory treaties or negotiate a new general treaty consolidating our essential rights, in return for our consent. His Majesty's Government concurred generally in these conclusions, and especially directed that, in the event of such negotiation, nothing should be conceded by His Majesty's Legation without ascertaining that its colleagues were prepared to make similar concessions.

161. For considerations of space, no attempt is here made to summarise the provisions of these two Bills or comment on their possible effect on British commercial interests, but it should be recorded that the Anglo-Persian Oil Company expressed to His Majesty's Government their objection to the possibility of the income tax being applied to the company—an objection which the Legation had not failed to anticipate.

162. The third Bill mentioned above, namely, that concerning the taxation of means of locomotion in Tehran, appears to have had as its chief object to legalise the taxes and tolls which had gradually been increased in an arbitrary manner and against which there was naturally much protest. The original Bill contained provisions which would have apparently rendered the gholams of the Legation liable to

tax every time they entered or left the city, but this was altered—probably in consequence of the Legation's protest. The scale of taxes appears unduly high, and would especially affect severely the trade in bicycles—a promising field for British imports.

163. The above represents only the salient features of the year's developments, there have been the usual cases of attempts to levy taxes on British subjects—often paid under protest to avoid trouble—and the usual refusal of the Legation to give instructions for payment, and warnings to the Persian Government every time forcible distraint was threatened. An exception from this attitude was made in the case of a number of British Indian subjects at Duzdab, a town largely built by Indian traders, who were called upon to pay a tax of 5 per cent. on the rent of houses and shops let out by them on hire. In this case, the Legation, with the approval of His Majesty's Government, acquiesced in payment under protest, lest a refusal should lead the Persian Government to deny the owners' rights, foreigners being forbidden to hold immovable property other than their own residences and business premises.

Treaty of Turkomanchai.

164. The effect of the abrogation as between Persia and Russia of the Treaty of Turkomanchai on the basis of our capitulatory privileges in Persia continued to be considered by His Majesty's Government, in consultation with other Governments, and particularly the French, during the early part of the year, and, in a despatch, No. 92, dated the 19th February, Mr. Ramsay MacDonald set forth the considered views of His Majesty's Government for the guidance of His Majesty's Minister. It would require too much space to record them fully in this report, but, since the main question at issue—that of criminal jurisdiction—was touched upon last year, it may be well to note that it was explained that our claims must be based on a long usage differing from the procedure laid down by the Treaty of Turkomanchai; the latter, indeed, provided that British authorities should execute upon British subjects sentences pronounced by a Persian tribunal, which could not, in fact, be done under British law; it was therefore clear that such usage must exist. The French Government stated that they regarded their rights as long antedating the treaty. The procedure, according to their practice in the case of a French citizen accused of a criminal offence against a Persian in Persia would be a preliminary enquiry in the tribunal of the Persian Ministry for Foreign Affairs and subsequent proceedings in the French consular court.

German, Austrian and Spanish Treaties.

165. Meanwhile, the Persians continued to endeavour to whittle away the foundations of the Capitulations. In March His Majesty's Minister reported the difficulty which the German Minister was experiencing in inducing the Persian Government to renew as usual the Additional Act to the Perso-German Treaty of 1873, by which the parties renounce for ten years their right to denounce the treaty, a matter of considerable importance, because this treaty stipulates the "intervention" and not merely the "presence" of a consular officer at the trial of civil cases between Persians and Germans. In August His Majesty's Chargé d'Affaires made a further report on this subject. Both the Prime Minister and Minister for Foreign Affairs denied to the German Minister any intention of denouncing the treaty, but at the same time a Bill was laid before the Majlis by a Deputy who is a henchman of Serdar Sepah, for the abrogation of the German, Austro-Hungarian and Spanish treaties with Persia and their replacement by new treaties abolishing the Capitulations. Mr. Ovey therefore suggested that the German Government should be urged to instruct their Minister to adopt a firmer attitude, which he appeared himself desirous of doing, and representations were consequently made at Berlin. The French, Belgian and Italian representatives agreed, at a meeting with Mr. Ovey on the 4th August, to make a similar suggestion to their Governments. The German Government instructed their Minister on the 6th September to use his best endeavours to secure renewal of the treaty. At Mr. Ovey's suggestion enquiry was made of the Austrian Government to ascertain whether they regarded the treaty of 1857 between Persia and Austria-Hungary as still in force, and they replied in the negative. As regards the Spanish treaty, which, being a "perpetual" one, could not be properly abrogated by unilateral decision of the Persian Government, the latter lost no time in approaching the Spanish Government on the subject. His Majesty's Ambassador at Madrid endeavoured to warn the Spanish Government against precipitate action, but only obtained an assurance that ample time would

be taken in considering the question, to secure the advantage of Spanish interests; as these are of little or no importance at present, this was not very reassuring. The French Minister, who is in charge of Spanish interests, also requested his Government to warn the Spanish Government.

Persians employed at Honorary Consular Officers.

166. In February the Persian Government addressed a circular to the foreign Legations warning them that Persian subjects appointed by foreign Powers as honorary consular officers could not enjoy the privileges and exemptions of regular consular officers. After careful consideration and consultation with colleagues it appeared that no objection could be raised to this communication; but the Persian Government were merely informed that it had been forwarded to His Majesty's Government for their observations. To this the Persian Government replied that they had only made the communication for our information, and asserted their liberty to impose conditions on such employment of Persian subjects. His Majesty's Government decided that there were no good grounds for claiming privileges, and left it to Mr. Ovey's discretion whether to pursue the matter or not. It therefore appeared best to take no further action unless necessity should arise.

Inviolability of Domicile.

167. In October 1923 excise officials, without obtaining the consent and assistance of the British consular authority, had searched the houses of two British Indian subjects at Meshed, and had caused the arrest and detention for a night of three British subjects, in spite of the consulate-general's request for their immediate release. Vigorous protest was immediately made, an enquiry was ordered and a departmental court convened by Major Hall, the American Provincial Director of Finance for Khorasan, sentenced the responsible inspector to six months' suspension.

Exchange of Visits between Consuls and Governors.

168. The question of the relative status of a consular officer and a provincial Governor has long been a vexed one and gives rise to difficulties whenever a new consul or Governor arrives at his post. It would not be within the scope of this report to set out all the proposals and counter-proposals which have been put forward during the last twelve years to settle the dispute, which centres on the question of which official should pay the first call on the other, but it may be said that the view of most of the Legations is that the new-comer should do so, be he consul or Governor, while the Persian Government maintain that they are not on an equal footing. In 1918 they had proposed, as a compromise, that a newly-arrived Governor should send his card to the consul, who should accept this as a visit and return it by a personal call. It appears that some Legations had accepted this, but the Russian and British Legations had not replied. The Persian Government then embodied this rule in regulations which they communicated to the Diplomatic Corps with the protocol (mentioned above) in 1922. In reply the corps expressly reserved consideration of the question for a later date. The Persian Government then, without further notice, issued the regulations to their provincial officials. His Majesty's Legation had objected to this in 1923, and had consulted its colleagues. At the beginning of 1924 the corps was waiting for the doyen, the Turkish Ambassador, to receive instructions from Angora.

169. At the end of June the usual trouble arose with more than usual prominence on the arrival of a new Governor at Bushire. He sent his cards to His Majesty's Resident and consul-general and to the French and American consuls. All three, with the approval of their Legations, merely sent their own cards in return. The Persian Government protested to the three Legations against this proceeding, which they coolly described as being "against the usage."

170. Eventually, the Turkish Ambassador received his instructions and convened a meeting of the corps on the 20th December. It was then decided to press the Persian Government to concur in the principle that the newcomer should pay the first call; a further meeting was to be held in January to agree upon the terms of a collective note for this purpose, and Muhieddin Pasha undertook to endeavour, by oral representations, to bring the Persian Government round to that point of view.

The Protocol.

171. Last year's report recorded the penultimate stage reached in these negotiations. Two difficulties remained, viz: (1) The limitation of the interval

between the arrival of a new diplomatic representative at Tehran and his reception in audience; and (2) the question of a representative's power to seek a private audience of the Shah without recourse to the Ministry for Foreign Affairs. These points were conceded in a letter addressed by the head of the Protocol Department of the Ministry to the counsellor of His Majesty's Legation on the 5th January. With the authority of His Majesty's Government, His Majesty's Minister officially informed the Persian Government on the 29th February that His Majesty's Government accepted the new protocol subject to the conditions laid down in that letter, and the question was thus closed.

Road Tolls.

172. Outwardly there has been no material change in the situation as regards the levy of road tolls; in spite of the injustice of levying them on certain uncarrossable roads, the Persian Government have continued to levy them and have, indeed, derived an ever-increasing amount of revenue therefrom. The constant protests, not only of this Legation but of all users of the roads, have, however, undoubtedly made some impression on the minds of the authorities, and the reports of the American advisers and others who have personally inspected the roads have begun to convince the Persian Government that something really is wrong. The situation may therefore be said to be more hopeful, in that it is likely that increased efforts will be made to justify the tolls by repair of roads, and perhaps to reduce the tolls.

173. In January a delegation composed of the Minister of Public Works, an American adviser (himself an engineer), a Russian engineer, and a Persian who had studied road-making in America, journeyed to Bushire via Shiraz, and back to Tehran. They made the outward journey without great difficulty, but, perhaps fortunately, there was heavy rainfall before they left Bushire, and their return journey was of a very different character; it took eleven days from Bushire to Shiraz. There His Majesty's consul communicated to them the report made in 1919 by Captain Arthur, Royal Engineers, and they agreed with its conclusions regarding the detours which would have to be made in constructing a commercial road. It appeared that the American adviser had recommended an expenditure of 500,000 tomans on construction, to be completed in a year, and that meanwhile 10,000 tomans were to be spent to make the road passable for the heavy military vehicles and material imported by the Persian Government and held up at Bushire by the state of the road. Whatever work was, or was not, done, it is certain that the road is still in a deplorable condition, especially after the severe weather of this winter.

174. As regards the Meshed-Duzdab road, in spite of the promises reported last year it appears that only some light work has been done on the northern portion, and none at all south of Birjand; the Legation has again protested against the levy of tolls under these conditions, there is great discontent on the part of traders, and the American advisers have publicly drawn attention to the situation in Dr. Millspaugh's quarterly report.

175. On the Khanikin-Tehran road the chief complaint has been the number of illegal exactions—such as grazing tax—to which the drivers of transport animals have been subjected, and the vexatious interference of the military and road guards. The Legation has been compelled to make vigorous representations on the subject. An amusing instance of this sort of thing was the demand actually made on a traveller to pay grazing tax on his motor car.

176. In North-Western Persia the local military commanders have instituted a system of forced labour on the roads, which appears to give good results so far as repair work is concerned, but does not prevent the levy of tolls—except from those who provide the labour.

V.—CONCESSIONS.

Anglo-Persian Oil Company.

177. The company has continued to extend its operations in the main fields, and the chairman stated, at the general meeting held in London on the 25th November, that the production for the financial year 1923-24 was 3,714,216 tons, compared with 2,959,028 tons for 1922-23; Sir C. Greenway added that the production could be brought up to 10 million tons per annum and more, but that this would not be a wise policy at present. Oil of an unusual character, practically pure petrol and kerosene, has been found in Kishm Island.

178. Mention was made in the report for 1923 of the grant of magisterial powers to certain officials of the company. Objections were raised by the Foreign Office to the principle of the appointment of employees of a company as magistrates with jurisdiction over their own workmen, but, certain reservations having been made regarding the exercise of these powers, the objection was withdrawn. Another difficulty was solved by the decision that the officials of the company were authorised to carry out the registration of British subjects, even though not holding consular rank.

179. A small question arose in the autumn, when it was desired to obtain exemption from customs duties on the materials for the building of a house for the Admiralty inspector at Abadan. The Persian Government decided that exemption could not be granted, on the ground that the official status of this foreign naval representative in Persia could not be recognised. It was not considered worth while to insist.

Northern Oil.

180. In June 1923 the Majlis had passed a law empowering the Government to negotiate with an American company with a view to the grant of a concession for the oil-fields in four out of the five northern provinces, the fifth being reserved at present for Persian exploitation. These negotiations resulted in the signature on the 20th December of a concession to the Sinclair Company, which, however, still has to be ratified by the Majlis. The Anglo-Persian Oil Company claiming prior rights over part of these fields in virtue of the Khoshtaria concessions, the validity of which is denied by the Persian Government, urged that an immediate protest should be made against the Sinclair Concession; His Majesty's Minister, on the other hand, feared that a protest, so long as ratification by the Majlis remained doubtful, might do more harm than good, as it would probably be ignored by the Persian Government and would merely give the Sinclair Company a gratuitous advertisement, strengthening the nationalist sentiment which had led to the restriction of the concession to an American concern. Eventually the Anglo-Persian Oil Company addressed a written protest to the Persian Government on the 13th March, 1924, the Legation forwarding it under a covering note reiterating the view of His Majesty's Government that the British company's rights were valid. The Bill for the ratification of the Sinclair Concession was submitted to the Majlis on the 16th March, and apparently at about the same time another Bill granting a concession for the fifth province to a Persian group, Hajji Muin-ut-Tujjar and his associates. The representative of the Anglo-Persian Oil Company requested the Legation to make a further protest, but His Majesty's Government decided that the Legation had gone far enough in the previous representation. On the 20th March the Persian Government, replying to the Legation, repeated their denial of the validity of the Khoshtaria concessions; while they simply left unanswered a request made by the Anglo-Persian Oil Company's representative that the concessions should be registered.

181. The Sinclair Bill has been debated intermittently throughout the year, and its ultimate fate is still uncertain. There are doubts whether the Sinclair Company can float the necessary loan and raise the capital required for the enterprise, and its reputation has suffered considerably from its implication in the scandal of the naval oil reserve leases in America. Evidence of these difficulties might be found in the American financial adviser's tentative approaches to the Legation with a view to obtaining the consent of His Majesty's Government to an American loan being secured on the Anglo-Persian Oil Company royalties, which was refused pending a settlement of the question of the Persian Government debt to His Majesty's Government. Meanwhile, a considerable propaganda was carried on in America, the Persian Minister even allowing himself to issue certain statements regarding Great Britain which called forth a strong protest from His Majesty's Government. American interest in Persia has certainly been stimulated, and the important Ulen Company sent out a representative to investigate the possibility of various constructional enterprises. Altogether, there is some danger of drifting into a situation where a rivalry of conflicting British and American interests may render difficult of fulfilment the friendly co-operation advocated by His Majesty's Government and typified by the agreement between the Anglo-Persian and Standard Oil Companies with regard to the northern oil areas.

Railways.

182. *Turkish.*—The news of the cancellation of the Chester Concession in Turkey evoked considerable interest in Persia owing to the revival of schemes for railway

construction in this country. The American advisers had encouraged the hope that eventually any Persian railway system should be linked with the Chester railways by a line passing through Tabriz, and there had been an inclination to invite American rather than European assistance in projected constructional work. A reaction was now, however, noticeable, and Persian opinion was no longer so eager to grant concessions to American syndicates irrespective of prior rights possessed by companies of other nationality.

183. *Julfa-Tabriz*.—An attempt was made by the American advisers to rehabilitate the Julfa-Tabriz Railway, which was in a ruinous condition. In July, Mr. Mitchell, the American adviser to the Ministry of Public Works, paid a visit to Tabriz and found that heavy expenditure would be necessary to put the line into working order, that engines and rolling-stock would have to be purchased and bridges repaired, and that the sleepers would have to be replaced. The Russian Soviet Government had, in the earlier part of the year, endeavoured to reduce the little carrying trade the line still enjoyed by running a motor service over the same route; then it had instigated an agitation among local merchants for the restoration of the line to Russian control. The American advisers, on the other hand, appeared to have plans for the rebuilding and commissioning of the line by the Ulen Company, an American firm, which was to be induced to undertake the task by the attractive offer of a concession to work the extremely profitable service of the Urumia Lake in conjunction with the railway. German interests, represented by Messrs. Wöckhaus and Sons, were also eager to share in any work of reconstruction, and had made an offer to supply two German locomotives for the line. They were, however, apparently unable to guarantee delivery on terms satisfactory to the Persians, and on Mr. Mitchell's return to Tehran negotiations were entered into, through His Majesty's Legation, for the purchase of two British locomotives, to replace the only two engines working on the line, which were, in Mr. Mitchell's opinion, in such a state of disrepair that they could not possibly continue to work much longer.

184. A tender for the two locomotives was submitted by Messrs. Hawthorn, Leslie and Co. (Limited), Newcastle, but nothing definite had transpired from the negotiations by the end of the year.

185. An attempt to reduce the running expenses of the railway appears to have met with a certain measure of success; a monthly reduction of about 9,000 tomans (from 25,000 tomans to 16,000 tomans) was effected, and the line was removed from the control of M. Treskinski, the Russian engineer who had been in charge for a number of years, and placed under that of his assistant, Hedayet Khan, a Persian educated in Russia.

186. *General*.—Renewed interest in the question of railway construction in Persia was shown by the Persian Government, by various political parties, by the American financial advisers, and even by some American firms. Many vague and impracticable schemes were eagerly discussed, and most suggestions were absurdly ambitious for a country in so backward a state of economic development as Persia. Gradually, however, the suggestions assumed a more definite shape, and the Prime Minister, Serdar Sepah, eventually adopted a scheme which would involve the construction of the four following lines, in the order of their importance:—

- (1.) Tehran-Mohammerah, via Sultanabad, Burujird, Khorremabad and Shushtar.
- (2.) Tehran-Kazvin-Tabriz-Maku.
- (3.) Tehran-Isfahan-Yezd-Kerman-Duzdab.
- (4.) Tehran-Khorasan.

187. Early in the year it appeared possible that the negotiations between the Persian Government and Mr. Bennet, the representative at Tehran of the Ulen Company, might result in an agreement for the construction of the Tehran-Mohammerah line to be extended northwards to the Bander-i-Gez; the line to be built as a State railway at the cost of the Persian Government; the loan necessary for its construction to be made at the low rate of interest of 5 per cent. or 5½ per cent. on condition that all the material be purchased in the United States of America and the line be built by American engineers. Eventually it was reported that the Persian Government had offered the Ulen Company a two months' option for a survey of this line with the right to prospect for mines, and agreed to suspend negotiations with other firms pending the result of the survey. His Majesty's Government protested against this infringement of the prior rights enjoyed by the Persian Railway Syndicate, based on the option granted to them by the Persian Government in 1920,

which covered the Khorremabad line, and the American Minister in Tehran promised to inform Mr. Bennet of the facts of the case.

188. The option granted to the Ulen Company expired in July without any further progress being made, and the negotiations for the concession came to an end.

189. The railway question continued during the rest of the year to form a topic of more or less academic interest. The Persian Government were informed of the views of His Majesty's Government on British railway rights in Persia, and admitted their readiness to offer certain sectors of projected lines to British contractors. The commission formed to report on the general question of railway construction had not submitted its observations by the end of the year, but was believed to have recommended a tax on sugar and tea to raise money to commence work.

190. Meanwhile the claim of the Persian Railway Syndicate, amounting to over £200,000, remained unsettled, in spite of repeated representations to the Persian Government.

Dr. Mann.

191. A rather fishy individual called Dr. Alexander Mann, believed to be partially of Syrian extraction, but a British subject, spent some time during 1924 in various parts of Persia, and principally in Tehran and Shiraz. He was previously known for having negotiated, together with a certain Major Holmes, a concession for oil in Arabia with Ibn Saud, at a time when the Anglo-Persian Oil Company were discussing with His Majesty's Government terms to be offered to Ibn Saud for the same concession. In this affair he represented the Eastern General Syndicate. Ibn Saud for a short time made Dr. Mann his representative in London, but this arrangement was cancelled. Ibn Saud apparently detected him in crooked dealings and quarrelled with him; Dr. Mann also broke with Major Holmes. Later on, accompanied by a certain Captain Cheney and professing to represent the Commercial Petroleum Syndicate, Dr. Mann went to Irak and, while endeavouring to secure oil rights in that country, conducted propaganda against the Turkish Petroleum Company. In Shiraz he professed great friendship for Prince Firuz, then Governor-General of Fars, and made many enquiries in regard to the possibilities of industrial and other enterprise in Persia. In Tehran he claimed to represent the Phoenix Oil and Transport Company, of which the Commercial Petroleum Syndicate is believed to be a subsidiary company. Here he was basing himself on acquaintance with certain sons of the late Sani-ed-Dowleh, who claimed possession of a firman giving the right to extract oil in the districts of Semnan and Damghan, lying between Tehran and Meshed. Nothing particular seems to have come of this, but Dr. Mann made an agreement with the heirs of Sani-ed-Dowleh, which he requested His Majesty's vice-consul to certify, granting him a six months' option for the extraction of copper, iron, lead, coal, oil (in Semnan, Hajabad and Khurian) and sulphur in various places in North Persia. In the absence of Majlis approval this option was considered by His Majesty's Chargé d'Affaires to be practically valueless. Dr. Mann evidently belongs to the undesirable type of concession-hunter.

VI.—POSTS AND TELEGRAPHS.

Posts.

192. The Persian postal service has been considerably disorganised, partly by the enforcement of the Treasury Law, which forbade the Administration to meet even the most urgent needs by drawing on its own receipts, all the latter having to be remitted to the Treasury, on whom requisitions have to be made for all expenditure; partly owing to the incompetence or dishonesty of the heads of the service. The state of affairs became at one time particularly serious in the parcels service from Bushire to the north, and it was only after very vigorous representations by the Legation that the situation was remedied, and an immense accumulation of parcels at Shiraz at last cleared.

Bushire Agreement.

193. In January M. Pire, the Belgian Acting Director-General, was transferred to the post of Inspector-General of Southern Posts and replaced by a Persian. Strong protests were at once addressed to the Persian Government, who were thus violating the condition of the Bushire Agreement, on which the British Indian post offices

in the Gulf had been transferred to the Persian Administration, viz., that a European or American should be maintained at the head of the service in Tehran. The Persian Government replied that an eminent foreign official would be engaged, and stated orally that he would be a Belgian, but this promise has not yet materialised. Meanwhile, M. Pire left to represent Persia at the Postal Congress at Stockholm, and the Belgian actually occupying the post of Inspector-General in the south having retired, this post also was filled by a Persian. The Persian Government stated that here also another Belgian would be appointed, but this promise remains unfulfilled up to now.

194. The Persian Government have been repeatedly pressed to proceed to the ratification of the Bushire Agreement, but hitherto without response. The Acts of Ratification of India and Irak, the other parties to the agreement, are waiting at the Legation to be deposited as soon as the Persian ratification is obtained.

Mirjawa and Duzdab.

195. In April and September protests were received from the Persian Government against the existence of British post offices at Duzdab and Mirjawa. The facts are that an exchange office exists at Duzdab, having been transferred thither from Kuh-i-Malik Siah after the construction of the railway to Duzdab; that during the occupation of east Persia by British troops a field office was established at Duzdab, but was closed in May 1924; and that there is an Indian civil post office at Mirjawa (where there is no Persian office). In reply to their protests the Persian Government have been informed of the facts as regards Duzdab, and it may be hoped that they will be satisfied with the explanation of the nature of the exchange office; as regards Mirjawa, the Legation has merely stated that enquiry has been made of the Government of India. The question is a delicate one because, although that part of the frontier does not appear to have been definitely demarcated, there is little doubt that this Indian post office is on Persian territory. It is one of the many points in the knotty problem of the Sarhad and the Duzdab Railway which will have to be solved sooner or later.

Convention with Soviet.

196. The Postal Convention between Persia and the Soviet Union, signed at Moscow on the 25th April, 1923, was submitted to the Majlis in May 1924, but had not yet been ratified by the end of the year.

Telegraphs.

Meshed-Seistan.

197. Final agreement having been reached on the text of the notes recording the terms of the transfer of the line from British to Persian hands, the notes were signed and exchanged in February. The sum due by Persia to His Majesty's Government was to be paid in two instalments, this year and the next, after examination of the accounts. The matter was brought up at the conference on the 3rd March, and it was decided that the total of 144,000 krans claimed by His Majesty's Government should be paid—54,000 krans the first year and 90,000 krans the next. This is being done by deduction from the amounts due to Persia in its accounts with the Indo-European Telegraph Department, and by August last 50,753.35 krans had been thus paid. The line was handed over in March.

Hamadan-Khanikin and Hamadan-Kazvin.

198. In reply to the claims of His Majesty's Government in respect of these lines, the Persian Ministry of Posts and Telegraphs had only been brought in the previous negotiations to the point of contemplating the purchase of the Kerind-Khanikin section for about £1,800. They receded from this offer, which was, moreover, an unsatisfactory one, and at the time of the conference in March they showed unwillingness to pay anything; the Hamadan-Kazvin claim they quite firmly rejected altogether, and they had submitted counter-claims of their own. His Majesty's Minister therefore proposed a total payment by the Persian Government of 12,000 tomans in settlement of all claims and counter-claims, and this was accepted. It was also agreed that this settlement did not affect the right of the Indo-European Telegraph Department under the convention of 1872 to take over the Tehran-Hamadan-Khanikin line should it so desire. The money is in process of collection through the Department's accounts with the Persian Government, and the Kerind-Khanikin section was handed over at the end of November or beginning of December.

Henjam-Bunder Abbas.

199. At the conference on the 3rd March the Persian Government accepted liability for the cost of construction of this line and half the recurrent maintenance charges. In subsequent negotiations with the Minister of Posts and Telegraphs, it was agreed that payment should be made in twenty yearly instalments of the construction cost and half of the past maintenance charges, plus yearly payment of half the future maintenance charges. The money is being collected through the Indo-European Telegraph Department's accounts with the Persian Government.

Kerman-Bunder Abbas.

200. The agreement of 1920 concerning the construction of this line had never been ratified, and it had been decided not to construct the stipulated branches from Bunder Abbas to Lingah and Jask; it was therefore necessary to link up the line with the Henjam line. It had been agreed in principle with the Persian Government that a new agreement should therefore be concluded. A draft prepared by the Indo-European Telegraph Department was submitted to the Minister of Posts and Telegraphs in January. His Excellency made difficulties, wishing to substitute for the formal agreement a letter from him authorising the Department to deviate from the 1920 agreement as regards the Jask and Lingah branches. This was unsatisfactory for financial reasons and offered insufficient security against future disputes. It was decided at the March conference that an agreement drawn up in concert by the Ministry of Posts and Telegraphs and the Indo-European Telegraph Department should be submitted to the Council of Ministers, who should decide how it could best be put legally into force. Continuous pressure has, however, so far failed to secure approval of, or even any comment on, the draft submitted by the Department.

Central Persia.

201. His Majesty's Government claim from the Persian Government the cost of construction, rental and repair of buildings, and salary and allowances of British staff employed on construction. The Persian Government have admitted liability, but negotiations are still proceeding with regard to the method of payment.

Arabistan and Irak.

202. Last year's report mentioned that it had been agreed with the Persian Government that the question of the balance of Persia's debt for the construction of the Arabistan lines, which will still remain unpaid in 1945 on the termination of the agreements with the Indo-European Telegraph Department, need not yet be dealt with. This question was not brought up in 1924.

203. The question of a limitrophic agreement with Irak was brought up at the March conference, His Majesty's Minister proposing that a British official of the Irak Telegraph Administration should come to Tehran to negotiate this and any other connected questions between the two Governments. The Persian Government, however, decided that this was a subsidiary question dependent on the settlement of political relations with Irak and could not be treated separately. One of the connected questions which has thus also been shelved is that of the Abadan-Mohammerah line, which it is hoped the Persian Government may purchase, as the Irak Government has no further use for it. There has also been a question of purchase by the Anglo-Persian Oil Company. Meanwhile the Abadan office was closed in February, and the local Persian officials stated to His Majesty's consul that they were instructed by the Persian Government to take over the Mohammerah office, which is in the consulate building. In reply to representations in Tehran, these officials were disavowed. As the disused line is deteriorating, it may be necessary to deal with this question separately.

204. Another connected question is that of the Basra-Mohammerah telephone, put up by His Majesty's Government in 1919 at a cost of 27,000 rupees, and taken over the same year by the Provisional Civil Administration, and later by the Government, of Irak. The Anglo-Persian Oil Company's offer of 10,000 rupees for it was accepted, but the Karguzar of Mohammerah intimated to the company that the Persian Government would not recognise the validity of the transaction. This was discussed by Mr. Ovey and Mr. Fairley (the company's representative in Tehran) with the Prime Minister in October, but no conclusion was reached, and the matter has not yet been pressed separately.

Jask-Charbar Inspection.

205. The party sent annually from India to inspect this line has hitherto always travelled under the protection of Indian troops. Latterly the Persian Government have shown a tendency to object to this escort, and this year the Government of India consented to allow the party to be protected by the Persian military forces. No unfortunate incident has been reported as a result of the new arrangement, which is thus satisfactory as salving Persian pride and saving the Indian exchequer the expense of the escort.

Convention with Soviet.

206. The Telegraph Convention between Persia and the Soviet Union, signed at Moscow on the 27th April, 1923, was submitted to the Majlis in May 1924, but had not yet been ratified by the end of the year.

Wireless.

207. There appear to have been no further developments as regards the grant of a concession for the erection and operation of wireless stations in Persia. The German Legation, like the Russian and French, now also has a receiving set and distributes the news from the Nauen station. It began to work on the 19th May. The apparatus purchased in Russia for the army began to arrive in June. Reports vary regarding the number of sets, but it appears certain that at least five had arrived by the end of the year.

VII.—TRADE.

Customs Tariffs.

208. Throughout the year the Soviet Government has continued to benefit by the application of the 1903 tariff to goods of Russian origin which entered Persia through the northern frontier posts; the reimposition of the 1903 tariff on such goods having emanated from an agreement between the Soviet and Persian Governments without corresponding benefit accruing to British imports into Persia.

209. The result of this discrimination was apparent, particularly in the case of sugar and mineral oils, in which commodities, as well as coarser textiles, the Soviet trading institutions extended their activities until they were able to undersell imports from other countries via India and Irak as far south as Kermanshah, Kerman and Shiraz, as well as at Meshed, Isfahan and Hamadan.

210. In part, such underselling was made possible by the great difference of transport rates along the principal trade routes in Persia between up (or import) traffic converging towards the capital or the larger towns such as Meshed, and the down (or export) traffic making its way back to the frontier, this disparity being due to the greater volume of imports as compared with exports. The Soviet trading institutions made full use of this disparity and also undoubtedly often sold goods without regard to profit or loss as a political move; but the resultant loss to British traders and carriers made it imperative to make every endeavour to restore the balance by the reimposition on one single tariff on all frontiers.

211. As the Persian Government were manifestly unwilling to face the Soviet Government on a question from which the latter derived benefit and about which they could therefore safely be counted to make the maximum possible commotion in the Majlis and elsewhere so far as lay in their power, the question arose how His Majesty's Government could force the Persian Government's hand by threatening reprisals or taking other strong measures.

212. The first remedy suggested was that an embargo should be placed by His Majesty's Government on Persian carpets and rugs, it having been ascertained that the French Chargé d'Affaires at Tehran was in favour of making the same recommendation to his Government.

213. His Majesty's Government refused to entertain this suggestion, because it was ascertained that a large portion of the carpets imported into Great Britain were re-exported, chiefly to the United States of America, and any imposition of such an embargo would inevitably result in direct importation of Persian rugs by the countries concerned to the detriment of British trade and the loss of middlemen's profits and trade connections.

214. The Board of Trade was moreover of the opinion that Parliament, whose consent, by the passage of a special Bill, was necessary to the imposition of such an embargo, would be unlikely to agree to such a measure.

215. The next suggestion put forward was that His Majesty's Government should refuse to agree to the renewal of the sugar surtax, levied under the terms of the 1920 tariff, which brings in 1,500,000 tomans, or approximately £375,000 per annum to the Persian Treasury. Mr. Ovey was, however, of the opinion that this lever had better be employed to secure the removal of the obnoxious road-tolls and octroi taxes which affect British merchandise moving along Persian roads to a much greater degree than Soviet merchandise, on account of the comparatively longer distance traversed by British goods within Persian territory. From a political point of view the Board of Trade were further of the opinion that insistence on this removal of a necessary and considerable part of the Persian budget, failing compliance with British demands, might be prejudicial to the good relations between the two countries and might affect the customs receipts which are part of the security on past British loans to Persia.

216. A third alternative was at the same time discussed: that His Majesty's Government should denounce the 1920 Commercial Agreement between Great Britain and Persia. It was found that His Majesty's Government could only denounce this agreement in March 1925, and that the denunciation would only become operative on the 26th March, 1926. No decision on this suggestion was therefore made during the year in question.

217. Meanwhile, negotiations were afoot between the Persian and Soviet Governments for the conclusion of a new commercial agreement, as well as a commercial treaty, which was finally signed by the Government as mentioned elsewhere in this report, but never ratified by the Majlis.

218. The Persian Government instructed the Belgian Director-General of Customs to keep His Majesty's Legation informed of the proposals under discussion, and during the course of the year two such proposed tariffs were submitted unofficially to the Legation and transmitted to His Majesty's Government, to supersede a similar proposal made in 1923, which had been shelved or greatly altered by the Perso-Russian Tariff Commission.

219. The most noticeable point about both proposals was that they were based on the 1903 tariff, although the Persian Government made every effort to disguise this fact with a view to conciliating His Majesty's Government, whose consent they knew to be essential and whose continued forbearance in the matter of the dual tariffs operating on the northern and other frontiers they professed to recognise with gratitude.

220. The Soviet Government was, moreover, bent on securing the most favourable terms for the introduction of sugar, mineral oils and other derivatives and the coarser counts of textiles, since these form the basis of Soviet imports into Persia. Sugar in particular was a profitable article to import, as has already been stated, and it was a known fact that in spite of orders given to the customs supervisors at the northern frontiers to admit under the 1903 tariff only sugar produced within Soviet territories, large quantities of Marseilles, Italian and other European sugars were being repacked in Russia and brought into Persia by the Soviet institutions under this guise as Soviet products. It would, however, be difficult to establish these assertions. In Meshed alone the loss in revenue to the Persian Government from the application of the 1903 tariff to Russian goods was shown to be £32,000 in nine months, while sugar imported via British India had decreased in value during the year ending March 1924 by approximately £90,000 in value as compared with the preceding year.

221. To make good the proposed reduction of sugar duties, on which the Soviet Government was apparently inflexibly resolved, heavier duties on other goods, and particularly wines, tobaccos and similar luxury articles were proposed; but no definite way of producing the necessary revenues appears to have been found other than the imposition of a general 10 per cent. surtax on all imports, a proposal which was tentatively and informally submitted to the Legation with the second revision of the proposed tariff and which received the immediate disapproval of His Majesty's Government unless it were taken to mean 10 per cent. of the import duty already imposed.

222. The Board of Trade was further of the opinion that the proposed increase in the duty on tea from 4 to 5 krans per batman might encourage smuggling and fail to increase Persian revenues to any appreciable extent. The second revision of the proposed tariff during the year in question, further contained proposals for decreased customs duties on cement, caviar, coarse tissues and glass, all of them Soviet products, while the finer grade of textiles, mainly of British origin were to be assessed at increased rates, and teas were to be taxed more heavily, with the probable result that the tea trade of North Persia would once more have been diverted

as in pre-war days to Batoum through a system of rebates over the Caucasian railways.

223. In compliance with the private request made by the Persian representative, Mr. Ovey suggested to His Majesty's Government before the beginning of the Anglo-Soviet Conference at London, that it might be possible to bring pressure on the Soviet Government in London with a view to secure their consent to a single and reasonable tariff to be applied on all frontiers in Persia; but His Majesty's Government were unwilling to discuss questions affecting Persia at the conference.

224. Authority was received from His Majesty's Government in December to negotiate a revised tariff with the Persian Government on the basis of the first suggestions submitted by the Director-General of Persian Customs subject to certain modifications regarding the proposed duties on textiles and the elucidation of the proposal for 10 per cent. increase on all customs dues which could not be accepted if it represented the *ad valorem* surtax. Owing, however, to the fact that a further set of proposals had meanwhile been submitted to His Majesty's Government for examination, no further action was taken before the end of the year and no results appear to have been achieved by the Perso-Russian negotiators.

Irak Customs and Transit Dues: The All-Persian Trade Route.

225. In January His Majesty's High Commissioner in Irak reported that the Persian Government were currently rumoured in Bagdad to be intending to levy increased dues on goods entering Persian territory through Irak or on goods of Irak origin. Enquiries were therefore made of the Persian Government, and a reply was finally received that the Irak authorities were levying heavy taxes on Persian merchandise, were prohibiting transport of certain sorts of Persian tobacco through Irak even in transit and demanding exorbitant dues on others, without observing the terms of the Perso-Turkish treaties, which, in the absence of any agreement between Persia and Irak, the former considered to be still in force. The Persian Government, therefore, maintained the right to take suitable measures should this state of affairs continue.

226. The Irak reply to this statement denied increase of 75 per cent. *ad valorem* duty on *tumbaki*, which was imposed in Turkish times, and affirmed that whereas in Turkish times *tetun* (raw tobacco) had been prohibited from entering Irak territory from Persia, it was now allowed entrance on payment of 1 rupee 4 annas entrance duty. Nevertheless, the Irak Government refuted the right of the Persian Government to consider the Perso-Turkish agreements as still in force. This statement was sent to the Persian Government, who were at the same time asked to inform the Legation whether any increase in duties levied on goods entering Persia via Irak would be applicable to British merchandise passing through Irak territory in transit for Persia, and a vague reply was received which might be interpreted as affirming that such would not be the case. The Persian Government were therefore thanked for this assurance as it was considered advisable to assume this interpretation and to place it on record on account of the pin-prick policy which the Persian Government had been pursuing towards the Irak Government since the expulsion of the Persian ulama from Nejef the previous year, and the steady refusal of the Persian Government to recognise the Irak Government. Nothing more was heard of the matter for the rest of the year and no increased duties on merchandise entering Persia via Irak were imposed.

227. The question of the transit of merchandise through Irak territory, however, continued to engage the attention of His Majesty's High Commissioner and of the Legation on account of the probability that, should the Prime Minister succeed in settling the Bakhtiari, Arabistan and Luristan questions, he would turn his attention towards opening the so-called all-Persia trade route from Ahwaz via Khorremabad and Burujird to Sultanabad and thence to Tehran in competition with the Irak route. After the campaign against the Lurs, mention of which is made elsewhere, the Ministry of War announced that Lur tribesmen could be hired by landowners for agricultural work, but it does not appear that any advantage was taken of this offer, and it is probable that the Ministry would have been embarrassed had it been asked to furnish these turbulent tribesmen in large numbers, although it was evidently the intention to make the public believe that their subjugation was complete and permanent, and that the route could therefore be used with confidence.

228. Up to the end of the year no commercial caravan was known to have used this route, but every encouragement was being given to various plans for opening up this route by both the Prime Minister and the American advisers, and the

Ministry of War was reported to be pushing forward a so-called road between Sultanabad and Khorremabad, though no metalling or proper grading appears to have been done. In the meantime, the Irak Government was framing the Irak Transit Law of 1924, which actually came into force on the 1st January, 1925.

229. The law was unfortunately applicable only to the ports of Basra and Bagdad, goods entering Irak territory from Syria being subjected to the full import duties even when consigned in transit to Persia. This restriction caused unfavourable comment in Persia, particularly among merchants interested in the raw silk trade, who had hoped to free themselves from the bondage imposed upon them by the Soviet Government by importing silk-worm eggs via Syria by motor-lorry, the Red Sea route being too hot and lengthy, and exporting raw silk by the same means.

230. Every effort was at the same time being made by the Irak railways to decrease delays and restrictions to which goods passing through Irak had undoubtedly been subjected by river carriers, transporters, and middlemen in Bagdad, and a creditable system of through-booking between Basra and Kasr-i-Shirin (over the Persian border on the Bagdad-Tehran route) was instituted before the end of the year, the goods being sent from railhead at Khanikin to Kasr-i-Shirin by motor-lorry through the intermediary of a contractor. Although complaints were frequently made by the merchants of Kermanshah and Hamadan against this man and his organisation as well as against the Irak railways themselves, they were mostly proved to be unfounded or exaggerated. It cannot, however, be said that the river companies or transport agencies in Irak acquitted themselves equally well, as, owing to lack of proper personnel, supervision and reasonable care, the delays and damage to which goods passing through Irak territory were subjected were often complained of by Persian merchants with a considerable show of reason, thereby fostering the desire in Persia for the speedy opening of the all-Persia route.

Refund of Indian Customs Duty at Duzdap.

231. His Majesty's consul at Seistan raised with the Government of India the question of rebates granted to goods passing through India to Persia from England and other foreign countries. The prevailing practice has for some years past been to levy full customs dues at the ports of entry into India and to refund fifteen-sixteenths of the amount so paid when the goods have reached Duzdap; but this system was pointed out by Mr. Gould to be cumbrous and to involve payment of 14½ per cent. to the Imperial Bank of Persia by the traders concerned in return for collection of the refund in order to save the considerable time and trouble involved. Mr. Gould proposed to substitute for this system one of taking suitable guarantees from reputable merchants and permitting them to pass their goods through British India on payment of one-sixteenth of the Indian customs dues only, as was provided for in the original decree of 1908 on the subject. Colonel Haworth, His Majesty's consul at Kerman, however, considered that it would be better to pass the goods through India to Duzdap in sealed wagons without taking guarantees, although he admitted that this system might lead to serious frauds. In October Mr. Ovey reported Mr. Gould's suggestions both to His Majesty's Government and to the Government of India, but by the end of the year no definite result is known to have been achieved.

Persian Customs Regulations.

232. In a private letter to the Legation the Director-General of Persian Customs raised the question of sequestration of goods thought by the Persian customs authorities to be under-valued. By the 1903 Commercial Agreement the customs authorities had the right to take possession of such goods as they thought to be under-valued on payment of the declared value plus 10 per cent. as indemnity to the importer. This system was modified by the 1920 Commercial Agreement, and the customs authorities were consequently compelled to allow the latter the privilege of producing within six months a properly attested statement by a duly recognised chamber of commerce in proof of the correctness of the declared value.

233. M. Molitor wished to return to the system sanctioned by the 1903 agreement, which made the customs officials the sole judges of the proper value of all merchandise imported into Persia; basing his wish upon the fact that merchandise imported from countries with a seriously depreciated currency could be imported at a fraction of its true value, thereby losing revenue for the Persian Government; but His Majesty's Government were unable to agree to this suggestion.

Customs Buildings at Mohammerah.

234. Serious complaints were made to His Majesty's Government by the underwriters at Lloyds about the ruined state of the customs quay and jetty at Mohammerah; but in spite of constant pressure by the Legation and frequent promises that a trained engineer and sufficient funds would be assigned to carry out the necessary repairs, no result was obtained by the end of the year.

Trade Conditions.

235. As has already been mentioned in the section of this report dealing with customs and the proposed tariff, British trade has been labouring under certain disadvantages during the year under reference. It has further been hampered in its favoured territory, Southern Persia, by a severe tightness of money due principally to two main causes. In the first place, the morality of Persian merchants has been such since they suffered heavy losses from over-stocking during the boom year of 1920 that banks and firms at home have had to exercise extreme caution about granting credits. Fraudulent bankruptcy, which is rife in Shiraz and elsewhere, has tended to make lenders draw in their horns more than they would have done now that the stocks accumulated during the great slump following on the boom have mostly been absorbed, and the second great cause of lack of money in South Persia has aggravated the situation.

Opium.

236. This cause is the indiscriminate speculation in opium which has for some years been indulged in by Persian merchants, both small and great, because of the ever-soaring prices which up to a year ago were being obtained for export opium at Shiraz, Bushire and elsewhere in South, Central and East Persia. Hamadan, Sultanabad, Khorasan, Kerman, and more particularly Isfahan and Shiraz, were all engaged in an increasing degree in the cultivation of the drug for which the demand, on account of its superior morphine content, averaging 10 per cent. or more, ever seemed to exceed the supply for shipment to China and the Far East.

237. The export market, however, was "ringed" towards the end of 1923 by the arrival in Persia of the head of the Hong Kong opium ring, Haji Mohammad Hassan Nemazi, a British subject, who proceeded to force prices down as best suited him by abstaining from purchasing opium until the new crop was on the point of being gathered, thereby causing a glut on the market. The result of these machinations and of the refusal of this "opium king" to accept consignments not up to standard as regards morphine content—for determining which he employed two trained British chemists at Shiraz—was to force one prominent Isfahan merchant into bankruptcy, and to ruin countless small fry who could not hold out for the prices they had themselves paid for the product a few months earlier.

238. Nevertheless, Nemazi and his associates purchased immense quantities at their own price, as is proved by the fact that the Bushire opium statistics for the year show exports to the value of over £1,200,000, of which no less than £800,000 was nominally exported to Vladivostok, though His Majesty's consul at that place reported that practically none of it reached that destination.

239. By bringing into force a decree compelling British masters of vessels under heavy penalties to declare the true port of consignment of all opium carried in a British vessel, His Majesty's Government endeavoured to check as far as lay in their power this iniquitous trade; but the extent to which Persian revenues are dependent upon this produce militated greatly against any effective action on the part of the Persian Government or their American advisers to stop or reduce cultivation, though decrees were promulgated to check increased cultivation or planting of fresh areas. From reports received from His Majesty's consular officers it would seem that to a great extent such decrees were a dead letter in outlying districts, and the higher prices still received for opium as compared with other crops, on account of its small bulk and great value, are still tempting cultivators, small and great, to substitute it for grain and other staple articles.

Cotton.

240. Every effort has been made by the manager of the Imperial Bank of Persia in Shiraz and by His Majesty's consular officers in Kermanshah and elsewhere to introduce on an experimental scale in Fars, Arabistan and Kermanshah the cultivation of cotton, which has also received a considerable impulse from the eagerness shown by the Soviet commercial organisations in buying all available stocks of this

product, especially in Khorasan and East Persia generally, Mazanderan and Gilan in the provinces bordering on the Caspian Sea, and even in the Isfahan district. The Soviet agents and consuls have moreover supplied intending growers with American and other suitable varieties of cotton seed, though it is believed that the natural backwardness of the peasantry and landowners and the somewhat disappointing results obtained from experimental sowing, as well as the onerous conditions imposed on purchasers, have militated against any considerable extension of this distribution of foreign seed. Persian cotton, however, is too short in staple, too mixed with dirt and other impurities, and above all too expensive by the time it reaches the southern ports or the Irak or Duzdap railways, to attract the buyers of Liverpool, Bombay or European markets, although small quantities find their way to India for admixture with native Indian cotton or adulteration of other stocks.

241. There can be no doubt, however, that if, as is to be hoped, means are found of putting an end to exports of Persian opium, some crop will have to be found to take its place, which is sufficiently valuable to stand high transport prices and yet find a foreign market, and cotton would seem to be indicated as a possible substitute in the districts named. That progress has been made is shown by the fact that the exports of cotton from Bushire rose in value from £700 in 1921-22 to £36,000 in 1923-24.

Piece-Goods.

242. Piece-goods, which are still the leading British import into Persia found a better market in Persia generally than during the previous year in spite of money conditions in South Persia, but Manchester suffered severely from the competition of Italy and India in the coarser counts, owing to the relatively lower prices of the products of these countries and to the impoverished state of the lower classes. As a result the British firm of Messrs. Dixon and Co., of Manchester, went into liquidation during the year, after having traded in South Persia for a considerable period.

Soviet Activities.

243. Moreover, the Soviet commercial institutions, backed by the whole force of the Soviet consular and diplomatic service, carried war into the territories of South Persia, which had hitherto been more or less in the sole possession of British exporters. Kerosene, petrol, coarse shirtings and miscellaneous hardware were sold in Kerman, Shiraz, Isfahan, Meshed and Kermanshah at prices with which the Anglo-Persian Oil Company in particular found it difficult to compete, owing to considerable disparities in transport rates between up and down traffic, the cause of which has already been explained. Full advantage was taken by the Soviet agents of this economic advantage to push their products further afield than would seem possible at first sight.

244. In return, the Union of the Socialist Soviet Republics is buying from Persia rice and wood from the Caspian littoral, where M. Khoshtaria has once more commenced operations as their agent for the exploitation of forests in Gilan and Mazanderan, hides and wool from East and Western Persia, dried fruits from Azerbaijan and the Kazvin district, and cotton wherever it is to be purchased; the whole of the Meshed wool crop in particular having been contracted for in advance at prices the reverse of economic, though in the long run the Persian merchant usually pays dearly for having dealings with the Soviet agents, and is therefore suspicious of their advances.

245. By buying small advance lots at the Caspian ports at very high prices and judicious advertisements of these purchases the Soviet trading institutions, Khlopkom, Centrosyuz, Vneshtorg and others, have nevertheless successfully played on the gambling instincts of the Persian trader, luring him to send large lots to the Caspian ports and then forcing him to sell at low prices because transport charges are far too high to allow of reshipment to places of origin without considerable loss and long exposure to wind and weather in the rainy climate of the Caspian littoral, without adequate protection, would soon ruin most of the products named above.

Transport.

246. During the year the Soviet Government has furthermore endeavoured to lay its hands on both the transport and mail service between Enzeli and Tehran,

which is being worked by an Italian subject named M. Marobbio, and also on the Tehran-Khanikin motor mail service, tenders for which were called for by the Persian Government to replace the present horse-drawn vehicles.

247. Until the end of the year the first-named service, however, still remained in the hands of M. Marobbio, in spite of the fact that a Soviet trading organisation, the "Sharq" or Eastern Trading Company, had obtained the local agency for the Ford Motor Company for the express purpose of running the service at cut-throat prices; while for the second, a tender had been put in to the Persian Government by a Syrian under French protection named A. Kettaneh, whose brother, F. Kettaneh, holds a Palestinian passport, and has organised with combined French and British capital a motor transport service between Tehran and Beirut, via Bagdad, known as the Eastern Transport Company.

248. This tender was receiving the sympathetic albeit slow consideration of the Persian Government at the end of the year, the principal difficulty being the veiled opposition of the American adviser, Dr. Millspaugh, to a postal contract, which would bind the Persian Government for ten years to come. Dr. Millspaugh also found reason for objecting to the proposed subsidy of 3,750 tomans a month for carriage of the Persian mails on a kilog.-farsak basis, but at the end of the year the proposal was still being considered by the postal commission of the Majlis after having received the consent of the Council of Ministers. The Eastern Transport Company's passenger service, as well as one run by an Englishman named Parsons, in conjunction with the Nairn Transport Company's trans-desert mail to Bagdad, resulted in a considerable lessening of the passenger traffic between North Persia and Europe, via Soviet Russia or the Caucasus, both first, second and third-class passengers for most European countries except Germany preferring to avoid Russia owing to passport and other difficulties and risks, the cost of the trans-desert route being only slightly more and the time about the same to England and France.

Hydro-Electric Schemes.

249. During the same period attempts were made by the Soviet Government to secure either direct or through a German man of straw named Esser a concession for the construction of a hydro-electric station for lighting and supplying power to the city of Tehran and for working a tramway service to the summer suburb of Tajrish. This same scheme was submitted to British firms through the medium of the Department of Overseas Trade, and a Parsi of good standing, named M. Edulji, took the opportunity afforded by a visit to England to approach Messrs. Armstrong Whitworth on the subject. Although the firm's attitude was not very enthusiastic owing to the bad reputation of the Persian Government in London financial circles and the fact that His Majesty's Government could not promise direct encouragement of so problematic a venture, negotiations were in progress at the end of the year and no success had been achieved by the Soviet and other aspirants to this concession. It should be mentioned, however, that a concession for electric lighting in Tehran already exists in the hands of a Persian whose rights do not expire for another sixty years approximately; but owing to his failure either to instal a proper plant or to pay the royalties due to the Persian Government, this concession could be cancelled were the Persian Government minded so to do.

250. A Parsi firm known as the Zardushtian Company, of which little is known in Isfahan, secured from the Persian Government a concession for the construction of a similar hydro-electric station and tramway service in Isfahan, although no more appears to have come of the scheme so far.

Machinery.

251. Other mechanical ventures in Persia consist of the construction of a cotton-spinning weaving factory in Isfahan by a local merchant named Atta-ul-Mulk, who purchased his machinery from Germany under German supervision, but had not succeeded in transporting it all to Isfahan by the mountainous tracks from Hamadan via Sultanabad by the end of the year. Local opinion foredooms the venture to failure from lack of capital, and there has been some trouble over failure to pay to the German supervising engineers their overdue salaries; but the work of erecting of the plant was still in progress at the end of the year.

252. At the same time, a local owner of a match factory in Tabriz secured plant from Germany for extending his works; German firms have imported some agricultural machinery for work in South Persia under the well-known

Herr Wassmuss; and a contract for fifty-seven motor lorries for the Persian army was secured by the local agents of the Hansa Motor Company, Messrs. Undutch and Co., owing to their enterprise in bringing to Persia a sample 30-cwt. lorry with pneumatic tyres and trailer. Most of the lorries have never been used, and are fast deteriorating or being stripped of their essential small parts; but the Persian army has taken up the toy of motor transport with considerable enthusiasm, and its chief, his Highness Serdar Sepah, has acquired four Rolls-Royce armoured cars (under a British mechanic, who has failed to secure the necessary spare parts for maintaining them in running order and has therefore had to strip two of them in order to repair the other two), two Rolls-Royce motor cars for his private use, and other cars for his staff, who are imitating his good example, largely to the enrichment of the Ford Motor Company's agents, or those of other American motor companies, the British car being too expensive for them or unknown in Persia.

253. A British firm, however, secured at the end of the year a small order for £2,000 worth of agricultural machinery and tractors, accompanied by a British mechanic, as it was the intention of the American adviser to the Ministry of Finance to experiment with such modern methods of cultivation on the Crown lands near Tehran and at Sauj Bulagh.

254. The German firm of Siemens and Hulske was engaged during the year in building a new telephone service for the city of Tehran on behalf of the concessionaire named Arbab Kai Khosru, but their work was much hampered by the unbusinesslike methods and lack of capital of the Persian company in question and by the difficulty of importing material through the Caucasus owing to the cancellation of the agreement between Messrs. Wönekhaus and the Soviet Government whereby the firm had been able to run steamers from Hamburg to Enzeli via the Volga and the Russian canals. This arbitrary step on the part of the Soviet Government hit German trade severely, though it assisted the establishment of a direct service between Hamburg and Bushire and Basra by the Hansa line.

255. Various mushroom concerns or concession hunters of German nationality have, moreover, endeavoured during the year to obtain concessions for hydro-electric power stations, engineering for colonisation schemes. Chief among these were Herr Schübert, who started the "Aryance" Company for paper-making, wine and champagne factories, and Herr Schmüde, who brought some misguided agricultural colonists to starve in North Persia after tramping across Europe and Turkey; but except for the engagement of Herr Hartmann and some Germans in the military arsenal at Tehran and construction of some aeroplane sheds, no practical results have been achieved so far by German engineering enterprise.

Silk.

256. French interests, besides controlling most of the imports of silk and similar piece-goods (with the exception of artificial silk wear) were interested mainly in the import of silk-worm eggs for the production of the new silk which Lyons is said to require, although it finds it difficult to obtain direct in competition with the Soviet buying institutions in Gilan and North Persia. A monopoly for rearing silk-worms and export of silk was said at one time to be in French hands, but nothing definite about the scheme has since transpired, and although the British silk interests were concerned at the rumour they did not think it worth their while to take active steps in the matter with a view to getting the industry into British hands or under British control.

Carpets.

257. The carpet trade was throughout the year fully occupied in supplying the needs of the United States of America, which sent out representatives of its commercial institutions in ever-increasing numbers and thereby considerably raised the price of carpets all over Persia, although the weaver got little or no benefit from these increases. Such firms as Kharageuzian, Gulbenkian, Tafsenjian, not to mention those which have taken more European-sounding names, savour slightly of their Armenian origin both as regards representatives in Persia and methods of dealing with the weavers; but it must be admitted that the so-called British firm of the Oriental Carpet Manufacturers employs few, if any, British managers or agents, and the only British representatives of carpet-buying firms in Persia are those employed by Messrs. Zeigler and Co. of Manchester.

258. In this connection, it is worthy of note that the whole of trade in synthetic dyes for use in carpet making is all now in the hands of German firms whose enterprise in sending out an expert chemist, Herr Siegmund, to demonstrate and

experiment on behalf of carpet manufacturers in every centre of Persia for over a year is in striking contrast to the apparent listlessness of the British Dyestuffs Corporation, and has been amply repaid by the results achieved.

Intestines and Furs.

259. Apart from this enormous export trade the United States are monopolising through the Anglo-American combination known as the Anglo-American Products Company (Limited), the trade of intestines, which is of considerable proportions in Persia. The local representative of this firm in Persia is an Italian named Signor Rossi, who, in conjunction with Messrs. Hovian of Tabriz, Kermanshah and Constantinople, buys and ships direct to Manchester or elsewhere and claims to have more or less established a monopoly in Soviet Russia for his firm. In Persia, however, other firms, particularly MM. Karaguzian, are engaged in active competition in this trade as well as in the purchase of skins and furs of all sorts for the American market, and particularly stone marten, fox and river otter, all of which command high prices even in Persia.

Red Oxide.

260. The red oxide concession for the Island of Hormuz has during the past year been exploited by Hajji Muin-ut-Tujjar, a Persian merchant of considerable astuteness, who is in partnership with the Soviet commercial institutions for purchases of sugar and kerosene, as well as any other venture which promises a good return without needing too many scruples. The entire amount of red oxide mined is believed to have been sold either to Messrs. Strick and Co. or to other British firms through the intermediary of Messrs. Hajji Ali Akbar and Co. of Manchester, whose principal, Mr. Agar, made a personal tour of Persia during the year, beginning with Meshed and ending with Tehran, and claimed to have sold as a result over £350,000 worth of British piece-goods. Owing to its superior quality, Hormuz oxide is said to have no rival, and the attempts by Messrs. Strick to mine the same product at Abu Musa after they had lost their concession at Hormuz have been somewhat disappointing.

Commercial Translation.

261. During the year under review the Government has submitted to the Majlis or passed by decree of Council of Ministers several enactments of a sweeping nature, some of which had been devised by the American advisers to the Ministry of Finance, with the object of providing additional revenues from trade sources. The first of these consisted in prohibiting the use of the Lion and Sun trade-mark on any goods imported into the country after the 14th September, 1924, on the ground that the national emblem of Persia should not be used for trade purposes. As originally approved by the Council of Ministers, this decree would not have given time to importers to bring into the country stocks already made or on the point of being shipped; but representations by the Legation resulted in a delay being allowed as stated above, and little or no hardship has resulted, as the decree itself, after being enforced for some months, has practically become a dead letter, although never officially cancelled.

262. Soon after an Income Tax and Profits Law was devised by Colonel MacCormack providing for the graduated taxation of incomes of individuals or businesses in Persia; the profits derived from the latter to be ascertained by examination of the books of the firm by the employees of the Ministry of Finance. All moneys remitted from Persia to foreign countries to be assessed as profits for the purpose of this Act. As will be seen, these provisions would have conflicted with the capitulatory rights of British and other subjects, and particularly with the inviolability of domicile claimed by the capitulatory Powers, but the Bill was killed in committee and has not since been heard of.

263. In like manner, the commercial code of Persia, which does not exist in a modern or practical sense, was revised by M. Perny, the French judicial adviser to the Persian Government, and submitted to the various committees for examination, but it had not emerged from its chrysalis by the end of the year.

264. Vague rumours of the intention of the Ministry of Finance to tax shipping in the Persian Gulf at the instance of the American advisers "for the purpose of building ports and lighthouses" were frequently heard after Colonel MacCormack's visit to Bushire at the beginning of the year, but these proposals, if mooted, appear to

have been still-born so far as foreign shipping was concerned, although certain dues were levied on native sailing craft in Persian waters.

265. The Ministry of Public Works was responsible for a revision of the prevalent system of weights and measures, which differ materially in different parts of the country, and a Bill introducing the metric system, with modified names to suit Persian Nationalist tastes, was put before the National Assembly and had made sensible progress by the end of the year. If properly enforced this act should simplify trade considerably, but the prevailing ignorance among villagers and petty merchants will make it extremely difficult to persuade them, in spite of the heavy penalties imposed by the law, to adopt any new system of weights and measures. The announced intention of the Persian Government to manufacture the necessary scales and standard weights in the national arsenal at Tehran will further, if adhered to, greatly retard and impede the proposed changes, since the necessary apparatus for such manufacture on a large scale does not exist.

266. The Legation experienced considerable difficulty in securing for the British firm of Messrs. Roditi and Co. the necessary permission to start fire insurance in North Persia as agents of the Alliance Assurance Company, the Persian Government maintaining that special permission was required before such business could be started, and asking for every possible guarantee of the status and reputation of this world-wide organisation before tacit consent to the commencement of insurance operations was finally received.

Duzdab Railway.

267. The elements of the problem of this small extension of the Indian railway system (Quetta-Nushki Railway) into South Eastern Persia were stated in the annual report for 1922 (see paragraphs 216-23). The matter was the subject of voluminous correspondence during 1924 between the Government of India, India Office, Foreign Office, Treasury and His Majesty's Legation. The principal questions involved were:—

- (1.) Should the railway remain or be dismantled?
- (2.) Could the railway be made to pay?
- (3.) Should the section of railway which lies in Persian territory, *i.e.*, between Mirjava and Duzdab, be handed over to the Persian Government subject to adequate measures by that Government to establish their authority throughout the Sarhad and Persian Baluchistan which would afford the railway adequate security against tribal raids from either side of the line; and likewise subject to an agreement satisfactory to the Government of India for the operation of the line. And, in the event of the line being handed over to Persia, should the Persian Government be called upon to contribute to its expenses.
- (4.) The manner in which losses and possible profits were to be distributed as between the Imperial and Indian Exchequers, whatever might be the final decision regarding the maintenance or removal of the line.

268. His Majesty's Legation and His Majesty's consul in Seistan, who possesses a remarkable knowledge of the question, were emphatically in favour of the retention of the line, and the diminution of the deficit on the Mirjava-Duzdab section came as a welcome support to their contention that the line could be made to pay its own way. The case for dismantlement is not completely demolished, but it is much weakened.

269. During 1924 Mr. Ovey, His Majesty's Chargé d'Affaires, suggested opening a negotiation with the Persian Government for the cession to them of the line in Persia, subject to the provisos outlined in (3) above, and stipulating for a Persian money contribution secured on the Duzdab customs receipts. His Majesty's Government were, however, of opinion that the matter had better stand over till the return to Tehran of His Majesty's Minister, on which occasion a general negotiation with the Persian Government to clear up a number of important outstanding questions was anticipated.

270. Another reason for deferring the presentation of any proposals to the Persian Government regarding the Mirjava-Duzdab Railway was that the Persian Government had not made much progress in the assertion of their authority in Persian Baluchistan, and the military operations contemplated in the autumn against Dost Muhammad Khan of Bampur had been abandoned owing to the crisis which arose in Khuzistan in connection with the Sheikh of Mohammerah, and the

concentration in South-West Persia of all the military units which the Ministry of War could afford to move.

271. The problem of the railway and that of the Sarhad and Persian Baluchistan are so closely interlocked that their solution must be found conjointly and not separately.

VIII.—CONSULAR AFFAIRS.

Tehran.

272. Personnel :—

His Majesty's vice-consul : Mr. T. V. Brennan.

Probationer vice-consuls :—

From January until October 1924 : Mr. A. W. Davis.

From October until end of year : Mr. E. R. Lingeman.

273. Consular fees :—

	£	s.	d.
March quarter	72	5	7
June quarter	84	10	0
September quarter	64	2	4
December quarter	116	19	0
Total	337	16	11

showing an increase of £148 10s. 7d. over fees credited to His Majesty's Government during 1923.

This increase is partly attributable to actual increased consular services performed and partly to the fact that since August fees were collected on a sterling basis of 55 krans to the £ sterling instead of at the current rate of exchange.

Registration of British Subjects, &c.

274. During the year the following numbers were registered, who had not previously registered their names at this consulate-general :—

British subjects	105
Naturalised British subjects	3
British protected persons	22

His Majesty's Government decided in connection with fees to be levied for registration (reference the Persian (Amendment) Order in Council, 1921) that one fee of 2s. 6d., plus surtax, only be charged in the case of families whose names are mentioned on one passport, and not 2s. 6d., plus surtax, on each member of the family, as was the practice in previous years.

Passports: Issue of.

275. Thirty-two British passports were issued during the year and one provisional passport to a Czechoslovak citizen.

Births, Marriages, Deaths.

276. The register shows the following entries :—

Births	2
Marriages	1
Deaths	3

Hazaras: Issue of Passports to.

277. His Majesty's consul-general in Meshed raised with the Government of India the question of the registration of Hazaras as British subjects and the issue to them of British passports, having particular reference to two categories of this class, viz. :—

- (a.) Hazaras, who migrated from Afghanistan to India and obtained a domicile in India.
- (b.) The descendants of (a), often born in India.

In conformity with "The British Nationality and Status of Aliens Act, 1914," the Government of India ruled that those Hazaras in category (a) above who had not taken out naturalisation papers, could not be considered British subjects. As regards category (b), by the same Act Hazaras born in India are British subjects; but where this Act conflicts with the Afghan Nationality Act, the former would prevail out of, and the latter in, Afghanistan. His Majesty's Minister in this connection drew the attention of the Government of India to the imperative necessity of all British subjects desiring to visit Persia being furnished with proper passports clearly stating the holder's nationality.

Consular Courts.

278. One consular court of first instance was held during the year under the presidency of His Britannic Majesty's vice-consul and two assessors, to decide a suit filed by Mr. G. J. Mackie, of Tehran, against the Mesopotamian Persia Corporation (Limited), both the plaintiff and the defendant corporation being British subjects. Plaintiff sued the corporation for a sum of 4,200 rupees in respect of salary due on a contract. The case turned on the wording of the contract and its extension after the termination of its original period. After two sittings of the court the action in respect of 4,200 rupees was dismissed, but the plaintiff was judged to be due a sum of 2,100 rupees on the contract, and verdict in that sense was pronounced by the court. The costs of the action were divided in the following proportion: Due by the plaintiff, four-fifths; due by the defendants, one-fifth. The judgment was duly executed. No other consular court was held during the year.

Provincial Consular Court of Kermanshah: Menashi Hezkel v. Sardar Khan.

279. Menashi Hezkel the plaintiff, an Irak citizen, sued Sardar Khan, a British Indian subject, *alias* Fakhr-ed-din, for the value of £1,200 gold entrusted to him by the plaintiff and lost or stolen by the defendant. Plaintiff was evidently dealing in the smuggling of gold coin from Persia to Irak, and had, through agents, entrusted a sum of £1,200 gold coin to the defendant, a motor driver, to convey to the frontier. Plaintiff sued for £1,200 not delivered. Defendant denied receipt. The suit was tried by His Majesty's consular court at Kermanshah in February 1924, and a judgment for £1,200 given in favour of the plaintiff. As security for the payment of the debt the court sequestered certain property of the defendant and placed an embargo on the release of a sum of 3,000 toman alleged to have been deposited by the defendant in the Imperial Bank of Persia at Kermanshah through a third person in the name of Fakhr-ed-din. Defendant consistently denies identification as Fakhr-ed-din, and refuses to produce the bank receipts for the money deposited in this name. The bank is unable to release these moneys until such receipts are produced.

Tribunal of the Ministry for Foreign Affairs.

280. His Majesty's vice-consul attended eighty-four sittings of the courts during the year in connection with suits filed by or against British subjects or firms. Such sittings usually last from 10 A.M. till noon.

281. The following is a list of the more principal suits which took up the attention of the courts during the year :—

- (1.) Sembat Avakov v. Imperial Bank of Persia.
- (2.) Imperial Bank of Persia v. Hajji Mohammad Ibrahim Kermanshahchi.
- (3.) Imperial Bank of Persia v. Khane Khanan.
- (4.) Rais-ul-Islam v. Imperial Bank of Persia.
- (5.) Oriental Carpet Manufacturers v. Fath-es-Sultaneh.
- (6.) Joseph Roditi and Co. v. Mirza Azizollah Sofer.
- (7.) Mirza Shukrullah Faturechi v. Messrs. Zeigler and Co.
- (8.) Messrs. Law, Russell and Co., Bradford, v. Tehranchi Brothers.

The position of these suits is briefly recapitulated hereunder :—

- (1.) *Sembat Avakov v. Imperial Bank of Persia.*

282. This was a claim filed early in 1923 for £1,000, value of certain drafts drawn by the Imperial Bank of Persia, Hamadan, on their London office, in favour of one Michael Avakov. These drafts eventually became the property of the plaintiff in virtue of various successive endorsements. The bills subsequently reached London and in the ordinary course were presented to the Imperial Bank of Persia and were

paid. Plaintiff's suit was that the drafts were stolen from him and should not have been paid, as he had previously notified the Imperial Bank of Persia, Hamadan, of the loss. The bills bore the endorsement of Sembat Avakov, the plaintiff, but he pleaded forgery. The bank pleaded (a) that Sembat Avakov had no legal right to sue, not being the holder, and (b) that the tribunal had no jurisdiction in this case. Any suit filed in this connection lay, if at all, against the bank in London. Considerable correspondence ensued between His Majesty's vice-consul and the tribunal of the Ministry for Foreign Affairs on this subject, and at the end of the year the case remained in suspense.

(2.) *Imperial Bank of Persia v. Hajji Mohammad Ibrahim Kermanshahchi.*

283. The Imperial Bank of Persia, Kermanshah, bought from Kermanshahchi some bills. The bills were refused payment, and Mr. Cave, manager of the bank in Kermanshah, obtained through the consulate the detention of Kermanshahchi at the Governor's house, and an endeavour was made to get the Governor to give a judgment there and then against the debtor. In the meantime the bank, however, managed to obtain from Kermanshahchi a promissory note for 7,200 tomans (the amount of the bills). On due date Kermanshahchi refused to meet the promissory note. The bank's action was therefore to recover the amount of the promissory note, which was executed in Kermanshahchi's own house, in the presence of two respectable merchants of Kermanshah and legalised by the karguzar of the place. In the course of the hearing in the tribunal the defendant pleaded *force majeure*, and that his liability on the original bills should be considered by the court. The court, under pressure from the then Minister for Foreign Affairs, accepted the plea of *force majeure*, and issued an interim judgment against the bank, referring the question of liability on the original bills to a committee of experts. This interim judgment was definitely refused by the Legation, and at the end of the year the case was still in suspense.

(3.) *Imperial Bank of Persia v. Khaneh Khanan.*

284. Just before the end of the year this case was settled by a judgment for approximately 18,600 krans in favour of the bank.

(4.) *Rais-ul-Islam v. Imperial Bank of Persia.*

285. This case was mentioned in the annual report for 1923, paragraph No. 290. In June a judgment was issued against the bank, condemning the latter to evacuate the property in question and to pay the costs of the action. The judgment, on the evidence which was produced, was legally correct and was accepted by the consulate-general. The bank has lodged an appeal and has produced fresh evidence in support of its contention that Rais-ul-Islam was fully cognisant of the transaction between the bank and Sadr at the time of the purchase. The case was still in suspense at the end of the year.

(5.) *Oriental Carpet Manufacturers (Limited) v. Fath-es-Sultaneh.*

286. This was an appeal lodged by Fath-es-Sultaneh against a judgment issued by the Karguzari Court of Hamadan in 1918 in connection with certain claims of the company for non-fulfilment of contracts. At the end of the year the case was still under suspense, though there was every indication of the case going against the appellant. A judgment has not been issued, as the latter was endeavouring to negotiate a friendly settlement with the company.

(6.) *Joseph Roditi and Co. v. Sofer.*

287. This case has been the subject of litigation since 1918 and concerns the purchase price of some seventy-two bales of piece-goods delivered by Roditi's agents in Isfahan to Messrs. Sofer. In January 1924 an interim judgment was given by the court for some £4,000 plus interest, amounting to £390, in favour of Messrs. Roditi and Co., the plaintiffs, and the rest of the questions in dispute, i.e., the actual cost price of the goods, were referred to a committee of merchants for a commercial opinion. Some difficulty was found in obtaining a decision from the three arbitrators, as the nominee of the defendants continually avoided putting in an appearance at meetings or otherwise caused delays. Eventually, at the end of the year the arbitrators issued a report which, however, was not unanimous, but the majority accorded a payment of £1,440 to the plaintiffs in respect of certain sums due. Judgment of the court was, however, not pronounced before the end of the year.

(7.) *Mirza Shukrullah Faturehchi v. Messrs. Zeigler and Co.*

288. This was a case filed in 1923 by the plaintiff to which the defendant company refused consistently to enter a reply in court. It turned on a question of accounts between the two parties and has formed the subject of desultory arguments in and out of court. An interim judgment was issued by the court calling on the defendant company to show certain account books to which no objection was raised by the company. The year closed without any judgment issuing, but the claimant shows signs of wishing to withdraw from the suit.

(8.) *Messrs. Law, Russell and Co., Bradford, v. Tehranchi Brothers.*

289. This was in respect of a debt of £T. 889 owed by the Constantinople partners of the firm of Tehranchi Brothers, to the British firm since 1915. The case had been before successive vice-consuls since 1916 and was in 1924 revived in the tribunal. In December of this year, however, the matter was finally settled out of court by a payment of £80 sterling, the present equivalent of £T. 666, this amount being the share due by the surviving partner of the firm in Tehran. It is confidently anticipated that the year 1925 will show a further diminution in the number of outstanding cases and an acceleration in the treatment of cases before the courts.

(9.) *Messrs. Lynch Brothers (Limited): Outstanding Claims against.*

290. The Mesopotamia Persia Corporation (Limited) was incorporated in July 1919, and took over the business of Messrs. Lynch Brothers, Messrs. Stephen Lynch, Messrs. Gray Mackenzie, and Messrs. Gray Paul and Co. The change thereby made in the constitution of the firm of Lynch Brothers was advertised in the Persian newspapers at about the same date. Certain book debts and assets were declared by the vendors when handing over the business to the Mesopotamia Persia Corporation (Limited), and in respect of such declared debts the corporation accepted liability. Beyond this they decline liability for old outstanding accounts of the vendors. Endeavours were made by certain Persian claimants having suits against Messrs. Lynch Brothers, to summon the corporation to answer certain outstanding claims against Messrs. Lynch Brothers.

291. The claims in question are as follows:—

- (1) Hajji Mirza Ali Mohammad Isfahani, in respect of forty-five bales indigo, value 6,000 tomans.
- (2) Agha Reza Ibrahimoff, in respect of a consignment of tea, value 48,000 tomans.
- (3) Hajji Mohammad Rahim Bagheroff, in respect of thirty-seven cases of tea and fifty-four bales other goods, value 20,000 tomans.
- (4) Salar-ed-Dowleh, in respect of a bank draft for 25,000 tomans.

292. *Case No. 1.*—This action was filed by the plaintiff against Lynch Brothers in May 1912, but was never brought to judgment, and eventually, on the 21st December, 1912, His Majesty's Minister refused to countenance the continuance of this claim, which he characterised as vexatious and ill-founded.

293. *Case No. 2.*—This case was filed in the tribunal in the spring of 1916, and dragged on until December 1917. The tribunal was unable to give a decision, and the case was referred to a third party for arbitration. No award was given.

294. *Case No. 3.*—The circumstances giving rise to the claim occurred in 1916, and the suit was filed in October 1923 against the corporation, who, however, refused to answer the claim for the reasons stated above.

295. *Case No. 4.*—This case was first filed in March 1922 some eleven years after the circumstances giving rise to the suit occurred.

As regards case No. 1, His Majesty's Minister is not prepared to reconsider the matter. As regards cases Nos. 2, 3 and 4, reference was made to Messrs. Lynch Brothers, London, for further information.

Procedure regulating Revision of Cases.

296. The necessity for the institution of some satisfactory procedure for the revision or rehearing of law suits filed in the tribunal of the Ministry for Foreign Affairs has engaged the attention of that Ministry and of the Legation during the year. Pending the institution of a proper court of appeal, it has been agreed that in future either party to a suit, if dissatisfied with the judgment in the court

of first instance, may file a petition to a higher court for a rehearing of the case. Such court of revision will consist of five members, who will not have formed part of the court of first instance. The demand for revision must be lodged within thirty-one days of the first judgment. Measures are under consideration for the amplification of these provisions, in so far as costs, deposits, &c., are concerned.

Sultanabad.

297. There was a certain amount of trouble in Sultanabad during the course of the year, which would appear to be mainly due to the inefficiency of the police and to the latter's hostility towards the Oriental Carpet Manufacturers, which is the centre of the town's industrial activities. In April an assistant of the Oriental Carpet Manufacturers, a Greek subject, was set upon by the mob and roughly handled, the police reporting that this was due to his having been seen talking to two Moslem women, whereas, a subsequent enquiry, at which the British vice-consul assisted, exonerated the man from all blame. This incident caused a good deal of perturbation, and the bazaars were closed in consequence. Although Greek subjects are under French protection it was felt that as an employee of a British firm the man was entitled to a certain degree of British support, and the necessary representations were made to the Ministry for Foreign Affairs, when the case was considered as being closed. Subsequent to the murder of Major Imbrie and owing to the added religious excitement inherent to the month of Ramazan, His Majesty's Chargé d'Affaires, at Mr. Hutton's request, obtained from the Prime Minister that he should give special orders to the Sultanabad police to ensure the maintenance of public order during that month.

Bushire.

298. In October His Majesty's consul-general at Bushire reported that a fracas had occurred at Lingah between sixty Persian lightermen and the crew of a British ship, which consisted of seventeen Chinese sailors, over a question of drinking water. The crew drove the lightermen overboard, and in the scuffle an old Persian beggar, who had no business on board, sustained injuries from which he died. The Persian military commander thereupon sent a party on board which arrested the British captain and four Chinese, all of whom were released owing to the consular agent's strong protest. Colonel Prideaux then arranged that the case should be tried in Bushire, where the ship duly arrived. The karguzar, after several days' procrastination, informed His Majesty's consul-general that he had sent a military party to detain the vessel, which he said was weighing anchor and a second trespass was actually effected. The case was finally settled by payment of a compensation to the dead man's relatives, and strong representations by His Majesty's Legation against the high-handed action of the military and the karguzar had the happy result of the latter official being replaced and instructions being sent by the Prime Minister to the commanding officers in the Persian Gulf forces as to the proper treatment of foreign vessels in those waters.

299. In September an Armenian telegraphist at Geneweh assaulted and wounded the assistant surgeon of the Anglo-Persian Oil Company, on the ground that the latter had had illicit connection with his wife. Some difficulty was experienced in the trial of the accused owing to Persian military interference. Instructions were eventually sent by the Ministry of War to hand over the accused to the karguzar at Bushire.

Seistan: Old Russian Consulate Buildings.

300. These buildings were taken over by the local Persian military authorities in the following circumstances. The Persian Government were informed by the Legation that in view of the transference of the Meshed-Seistan telegraph line to the Persian Administration, the buildings in question were about to be evacuated by the personnel of the Indian Telegraph Department. The buildings were subsequently handed over to the local military authority in exchange for a formal receipt and a written assurance that their action had been authorised by the Persian Government.

Duzdap: Akali Sikhs and Judicial Powers of the British Vice-Consul.

301. The question of consular jurisdiction in Duzdap was brought to a head in the summer of the year under review in connection with the Sikh merchant community of that place. Some 150 Sikh merchants are resident in the Persian

village, a number of whom are adherents of the Akali movement in India. Trouble arose in connection with the removal to India of one Harban Singh, a member of the Parbandhak Committee, who had come to Duzdap to escape arrest when the committee was rounded up in Amritsar. As a consequence of his seditious activities and endeavours to excite the other Sikhs in Duzdap, His Majesty's vice-consul was requested by the Persian Governor to expel him from Duzdap. Harban Singh was advised to go and he left of his own accord, but on his arrival in India he endeavoured to raise the question of his expulsion, and the Persian Government protested to His Majesty's Chargé d'Affaires against his deportation from Persia. Matters having been explained this protest was dropped. Other Sikhs who were causing considerable trouble to His Majesty's vice-consul in Duzdap and to His Majesty's consul in Seistan petitioned His Majesty's Chargé d'Affaires against alleged injustice at the hands of these consular representatives, and it was then realised that the latter were placed in a difficult position owing to the lack of definite arrangements as regards their legal powers.

302. The question of the superintending consulate to the vice-consulate at Duzdap being Seistan had not yet been decided by the Government of India. The judicial powers of His Majesty's consul at Seistan are governed by the Persia (Inland) Orders in Council, 1899, whereas Duzdap falls within the area covered by the Persian Coast and Islands Order in Council, 1907. Before His Majesty's vice-consul, Duzdap, could exercise the functions of a judicial assistant it was necessary that he should be gazetted as such by the Government of India. Under the Coast and Islands Order in Council, appeals from suits filed in the vice-consular court at Duzdap would lie to His Majesty's consul-general at Bushire. Owing to the somewhat anomalous position of the superintending consulate of Seistan (since approved by His Majesty's Government), some delay occurred before Captain Hoskins was definitely furnished with the required legal powers. Eventually, however, both His Majesty's consul at Seistan and His Majesty's vice-consul at Duzdap were gazetted judicial assistants under the Coast and Islands Order in Council in the Duzdap area, thus enabling them to exercise their authority.

303. With the assistance of certain law-abiding members of the Sikh community the situation showed early improvement.

Specie Smuggling.

304. The Persian Ministry of Finance drew up a *projet de loi*, consisting of five clauses, for the prevention of the smuggling of gold and silver coin out of the country. The proposal dealt principally with the examination of all means of transport, confiscation of gold and silver coin, office books, correspondence, &c., in connection with smuggling and the punishments to be inflicted for contravention of the regulations. In so far as foreigners are concerned, clause 5 provided that such nationals, whose participation or intervention in such smuggling was definitely established, would be expelled from Persia together with their families, if living with them. Exception was taken to this provision by His Majesty's Legation, as the sanction could not be put into force without the co-operation of His Majesty's consular officers, which had not been sought. His Majesty's Chargé d'Affaires, in a note to the Ministry for Foreign Affairs, pointed out that any legislation of this kind would necessarily involve questions of the greatest importance, and would strike at the root of the various rights and privileges enjoyed by subjects of His Majesty's Government in Persia. The matter was still under consideration at the end of the year.

IX.—CLAIMS.

Urumia Lake.

305. A reference to paragraphs 311 and 312 of the report for 1922 will show the unsatisfactory stage which had been reached by the end of that year in the negotiations for the settlement of this claim. The Persian Government had not only declined to meet their liabilities in this case, but had enlisted the support of His Majesty's Minister in framing proposals which would enable them to protect themselves against Russian interference, and had then failed to carry out the obligations incurred by the adoption of the proposals.

306. The fall of Mushir-ed-Dowleh's Cabinet necessitated a recommencement of negotiations with that of Serdar Sepah which was at first reluctant to accept the claim, and opposition was also encountered from the American financial adviser. The latter favoured arbitration in the matter by an international tribunal.

Eventually, both the Persian Government and the claimants were persuaded to accept in principle a settlement on the basis of a payment of 320,000 tomans, in return for complete renunciation by the partners of their shipping rights on the lake, and an agreement to this effect was signed on the 5th March by the Minister for Finance, Mudir-ul-Mulk, and Dr. Millspaugh on behalf of the Persian Government and by His Majesty's Minister. The payment was to be made by the 1st May.

307. All difficulties were by no means yet overcome, however; ratification of the agreement and the vote of the necessary credit by the Majlis were to be obtained, and a loan had to be arranged to enable the Persian Government to pay the 320,000 tomans. The necessary Bill did not pass through the Majlis until the 5th October. Meanwhile, arrangements for a loan from the Imperial Bank of Persia, secured on the opium revenues, had lapsed, and fresh security was required. Steps were taken to assist the Persian Government to meet this difficulty, and it was suggested that the excess customs revenues be pledged to cover the loan. Still the money was not forthcoming, and fresh obstacles were raised by the Persian Government. It was now argued that the authorisation to pay the money to Messrs. Stevens and Boudaghiantz, contained in the Bill passed by the Majlis, was qualified by a clause stipulating that the claims of the heirs of Imam Kuli Mirza and Boudaghiantz be settled in the course of this transaction. His Majesty's Legation were able, however, to remove the apprehensions of the Persian Government on this score, and it was confidently expected, by the end of the year, that the Persian Government could not possibly evade payment much longer.

Tunakabun Timber.

308. The claim of Mr. J. P. Richards, a British subject, to the restoration of his rights to the exploitation of the Tunakabun and other forests, continued to form the subject of considerable correspondence and discussion between His Majesty's Legation and the Persian authorities. In October it was reported that the Persian Government intended to alienate these rights to M. Khoshtaria, and Mr. Richards was obliged to lodge a protest with the Ministry of Public Works. He also renewed his request for the return of his original contract of the 7th May, 1914, now in the Bank of Iran; a request which had already been made in 1923, and which had then elicited a promise from the American director of the bank to the effect that he would do his best to obtain permission to deliver a certified copy of the original document to the Legation. In the firm conviction that the Persian Government would eventually recognise his claim, Mr. Richards had, on the 7th June, 1924, renewed and extended his contract of 1914 with Sepah Salar Azam, in order to be able to proceed without further delay with the work of exploitation. He had been unable, however, to obtain the legalisation or registration by the Persian authorities of this document. Discussions in November between His Majesty's Legation and Serdar Moazzam, the Minister for Public Works, merely served to show that the latter was determined not to admit Mr. Richards's claim, and further action was deferred pending the return to Tehran of His Majesty's Minister.

X.—MILITARY AND NAVAL AFFAIRS.

Army: General.

309. The moral progress of the Persian army has been retarded during the year by the unstable political situation which resulted from the loss of prestige suffered by the Prime Minister as a consequence of his abortive attempt to impose on the country a republican form of government. This failure gave great encouragement to his political opponents, who lost no opportunity of working on the apparently considerable pro-Royalist sentiment existing in the rank and file and on the discontent already prevailing among almost all those officers who, before the reorganisation of the Persian military forces, served in the gendarmerie and who rightly or wrongly consider that under the present régime they have not had the same opportunities as their brother officers, whose previous service was with the Cossack Division. The effect on the moral of the army was highly deleterious, and the demoralisation probably contributed to and was certainly largely increased by the disasters that occurred at Khorremabad in May and near Gumbad-i-Kabus in the Turkoman country in July, events which will be reported more fully in subsequent paragraphs. It was evident also in the timid handling of the subsequent operations against the Turkomans and during the summer against the Lurs. But the greatly enhanced prestige which accrued to the Prime Minister as a result of his personal

success in the settlement of his dispute with the Sheikh of Mohammerah, assisted by some quite efficient propaganda and the temporary quiescence of pro-republic movements, has gone far to restore the moral of his troops and their confidence in themselves and their commander. This has been assisted by the press campaign of eulogistic advertisement of all things military that was carried on during the Arabistan operations, which, whatever its effect on the general public, certainly contributed to the soldier's self-esteem, and raised to an almost unbearable degree the self-satisfaction of the officers of the General Staff.

310. In spite of the temporary dimming of the military star, the army has remained throughout the year the controlling power in the land. The real authority in the provinces, as in the capital, is with the military commanders, the civil governors being little more than figure-heads. Practically the only effective limitation of their powers is the finance administration which, controlled by the rigid personality of Dr. Millspaugh, is regarded with conventional disfavour by Persian soldiers, and that in spite of the fact that the army consumes 40 per cent. of the national revenues.

311. The budget allotment for the year March 1924 to March 1925 is 9,200,000 tomans, and it is not likely that expenditure will be less than this sum, particularly as War Office accounts are not subject to audit.

312. The ration strength of the army on the 31st December calculated from information which is likely to err on the side of exaggeration was 49,700, an increase of 7,900 since the 1st January, 1924. The value of this increase in the fighting strength is, however, small compared with that given by the addition of an air force, modest though it still is.

313. The conditions of service have remained essentially unaltered, and the Conscription Bill, of which mention was made in last year's report, is still being considered by the Parliamentary Committee.

314. Little advance has been made in organisation, and there are no indications that the General Staff has yet visualised any operations other than those for the preservation of internal security and the protection of the frontier against raids.

315. There have been no changes in the higher commands during the year.

Armoured Cars and Tanks.

316. The four Rolls-Royce armoured cars purchased last year arrived in Tehran in May and have been used as escorts to valuable convoys and important personages travelling by carrossable roads. They are also without doubt a potent argument in political crises in the capital. Two light Renault tanks have been imported from France, but they have not yet reached the capital and details are still lacking.

Radio Telegraphy.

317. The War Office have imported during the year eleven sets of radio apparatus, which are intended for permanent stations at military headquarters in the provinces. None of these have yet been erected—indeed, they have not yet been despatched to the provinces—but work has begun on the erection of the principal station some 3 miles north of Tehran. It is reported that this station is to be capable of communication with Baku and perhaps Moscow.

Ammunition Factory.

318. In October and December 1,370 cases of machinery and stores for the War Office were landed at Bushire, and, as Herr Hartmann, the German who is in charge of the arsenal and is to be in charge of the arms and ammunition factory, personally went down to Bushire to superintend their transport to Tehran, it is presumed that some of them are the long-expected plant for the factory. All these were shipped from Hamburg by Theodor and F. Embeke.

Arms and Ammunition for Persian Government.

319. The principal importations during the year have been ammunition and spare parts of guns and machine guns, which have arrived from both Russia and Germany. The importation of rifles is believed to have been inconsiderable. The arrival of machine guns, two anti-aircraft guns and automatic rifles has also been reported, but these do not appear to have been issued to units.

Military Operations.

320. The principal military operations engaged in by the Persian army have been:—

(a.) *In the Baluchistan Sarhad.*

These operations, commenced at the end of last year (see last year's report), were brought to a conclusion by the occupation in March of Duzdap and Kwash by Persian troops, and with the evacuation of those places by British troops the control of the Sarhad was fully resumed by the Persian Government. The control of the tribes had been formally handed over on the 1st March by the British liaison officer to the Persian military commander. The projected extension of these operations to Baluchistan for the subjugation of Dost Muhammad Khan of Bampur and re-establishment of the authority of the Central Government in those regions, where it has not been exercised for many years, was abandoned in favour of a diplomatic mission, of which the net result seems to have been that, in return for promises of revenue and good behaviour, Dost Muhammad Khan has been appointed Governor of Persian Baluchistan.

(b.) *In Luristan.*

The first phase of the operations begun last year against the Lur tribes, which had as their ultimate object the opening of the Mohammerah-Burujird trade route, may be said to have ended with the repulse with heavy losses of an attack by the Lurs on the 20th January against Khorremabad, which had been occupied a month previously by a force of 4,000 Government troops. There followed a period of comparative quiescence, during which negotiations proceeded with the Lur chiefs, who appeared to be resigning themselves to the situation and even to view not altogether with disfavour the peace from inter-tribal feuds and the development and civilisation of their country which were to follow from the surrender of their arms. A certain number of arms were actually handed in, and the situation appeared to be progressing favourably when the treacherous murder of several Lur chiefs, who had surrendered themselves as hostages to the general officer commanding, started a new conflagration in May. A violent attack was made on the garrison of Khorremabad, which resulted in its serious defeat with heavy casualties and in its being besieged in the town. Reinforcements from Tehran were hastily concentrated at Burujird, and an advance with a force of some 2,000 was made on Khorremabad in June. This met with no serious opposition, and the relief of the beleaguered garrison and the effective reoccupation of the town stabilised the situation, although raids on communications and on small detachments of Government troops continued until the tribes moved southward on the autumn migration. The moral of the troops was bad; the political situation in the capital was unstable, and no punitive measures against the tribes were attempted. In spite of all the blandishments of the Government representatives, the Lurs showed no willingness to come to terms; they had avenged the murder of their chiefs and effectually put an end for the time being to the attempts to disarm them. The Prime Minister himself visited Khorremabad in September, but was unable to persuade the Lur chiefs to accept his invitation to discuss terms. It appeared that any further advance into Southern Luristan would meet with serious opposition from the Lurs, and therefore the unopposed passage of a column from Khorremabad to Dizful in December during the Arabistan operations came as a surprise even to the General Staff. But this does not mean that Luristan is pacified. It is generally anticipated that disorders will recur in the spring and that further operations will be necessary. The Prime Minister's determination to open and secure the trade route from Mohammerah to Khorremabad and Burujird will ensure that the operations will not be half-hearted. The Western Division has been reinforced by about 2,000 troops of the North-Western Division, primarily for the coercion of the Vali of Pusht-i-Kuh, but probably to be retained for eventual operations against the Southern Lur tribes; the force at Dizful has been increased, it is reported, to over 3,000, and some of the northern Lur tribes have thrown in their lot with Government. Yet the pacification of Luristan will probably be no easy task.

(c.) *Operations against the Sheikh of Mohammerah.*

Owing to political considerations, which are dealt with elsewhere in this report, these operations developed slowly. During September and October about 1,800 troops from the Southern Division were concentrated at Behbahan and reinforcements

of about 2,000 were sent from the Tehran Division to Isfahan. The Bakhtiari situation was so obscure until November that the possibility of operations against them had to be provided for, and it was not until this situation had been cleared up by the Prime Minister's direct negotiations with the Bakhtiari Khans that it was possible for the troops concentrated at Isfahan to move to Behbahan, whence the main advance with a force of about 3,000 was made against the sheikh. Minor fighting had already occurred on this front on the 1st November, when Government troops drove back the sheikh's advanced forces and occupied Zeidun. Again, owing to political considerations no further advance was made until the 14th November, when Hindian was occupied without opposition and the line eventually extended early in December to Ram Hormuz on the northern flank and to connect with the garrison of Bandar Dilam on the southern flank. On the 29th November the column from Khorremabad referred to above reached Dizful. This was the situation when hostilities ceased. No serious opposition to the Government troops was made by the sheikh's forces. After terms had been arranged Ahwaz and Mohammerah were also occupied, and at the end of the year the ration strength of the troops in Kuhzistan was reported by His Majesty's consul to be:—

Shushtar	...	...	...	...	5,000
Ram Hormuz and Behbahan	...	...	...	...	3,500
Ahwaz	...	...	...	...	130
Mohammerah	...	...	...	...	100
Abadan	...	...	...	...	30

(d.) *Operations against the Turkomans.*

In pursuance of the centralising policy of the Prime Minister plans were prepared in January to secure the submission of the Serdar of Bujnurd and the disarmament of his followers. The Serdar, chief of the Shadillu Kurds, was one of the many feudal magnates who, during a succession of feeble Central Governments, had acquired or inherited a semi-independent position of some strength within their own districts and maintained a following of armed men for their nominal protection. A mixed force of 350 men under Colonel Mehdi Khan was despatched to Bujnurd: the Serdar made no opposition and was sent to Tehran; the military took over the administration of the district, and a cautious beginning was made with the disarming of the Kurdish tribes, with little result. The Turkoman tribes have always maintained close relations with the Serdar of Bujnurd and, no doubt, fears were aroused by the proximity of Government troops that the disarming policy would be extended to them also, fears which were not allayed by an apparently purposeless advance in July by a force of 500 (the Bujnurd garrison had by this time been increased to about 1,000) to Gunbad-i-Kabus in the Turkoman country. This advance was not opposed, but soon after the arrival of the force at its destination it was attacked by the Turkomans and overwhelmed, losing over 200 casualties in killed alone, 2 mountain guns and 2 machine guns. The remnant escaped to Bujnurd. Reinforcements were despatched from Meshed, and the Turkomans prepared to defend themselves against retribution. This never came. The troops remained completely inactive, and Turkoman lawlessness, possibly incited by Russian intrigues or by elements in Persia hostile to the Prime Minister, increased. In September a raid on a large scale was carried out on the district of Shahrud-Bustan, and for some eighteen days the Turkomans held up the Tehran-Meshed road, retiring with considerable loot on the approach of reinforcements from Tehran and Meshed. The embarrassments of the Arabistan situation, which at this time appeared critical, ruled out the possibility of serious punitive measures, and for a time the Turkomans were masters of the situation. Realising that they could not hope to deal with the situation by force, the Persian Government determined to revert to old methods and to reinstate the Serdar of Bujnurd, whose personal influence with the Turkoman chiefs, assisted by subsidies to the latter and an abstention from interference in Turkoman internal affairs, would, it was hoped, produce a calmer atmosphere. Negotiations were also opened from Astarabad and Bujnurd with Turkoman leaders, some of whom accepted the very lenient terms offered by Government, which were, in essence, the payment of subsidies in return for the maintenance of order. The Persian Government are alive to the potential danger of the exploitation of Turkoman discontent by the Russians, and are now giving this serious attention. They have been, until recently, unwilling to admit Russian responsibility in any degree for the present situation, and although it is unlikely that the Russians have remained altogether disinterested spectators, sufficient reasons to account for the

outbreak of the rebellion may be found in the anxiety of the Turkomans for their cherished independence aroused by the attempts to disarm the neighbouring tribes and by the ill-advised and apparently ill-planned advance of Government troops into their country. Subsequent events were a natural consequence of the Government's failure to exact retribution for the defeat of their troops and of their obvious military weakness, due to the inefficiency of the troops on the spot and to the impossibility of sparing reinforcements from a more efficient division, owing to the critical situation in South-West Persia. The new policy has not yet had time to be effective. The Turkomans continue to raid in Khorasan—the Province of Astarabad is quieter—but avoid conflicts with Government troops. It is understood that the Prime Minister wishes to avoid for the present, if possible, the serious operations that would be a necessary preliminary to the taking over of the administration of the Turkoman country, and that he is willing to leave them a considerable measure of internal independence in return for their good behaviour.

(e.) *Turco-Persian Frontier.*

Although it cannot be said that operations have taken place in this area, yet a state of tension has existed throughout the year which has necessitated the maintenance of a state of military preparedness. This has been due to apprehensions of Kurdish raids instigated by Simko under Turkish direction, of an influx of armed Assyrian refugees and, most of all, to fears of Turkish encroachments into Persian territory, a tendency of which the Persian General Staff have more than once complained. Frontier disputes have been frequent; the Persians complain that the Turks make no effort to restrain or punish tribesmen from their side of the border who loot in Persian territory, and that they give no compensation to the Persian victims. But their strongest protests have been against the failure of the Turkish authorities to remove Simko from the vicinity of the common frontier.

Aviation.

Persian Air Force.

321. Perhaps the most important military event of the year has been the creation of the Persian Air Force, in which French, Germans and Russians have all participated. Seven French machines were imported in the spring via Bushire, and five Russian and four Junker machines arrived via Enzeli during the summer. The French machines have met with mishap after mishap. The first two to be flown up from Bushire crashed at Shiraz; the same fate overtook a third at Isfahan a little later, and a fourth now lies in the mountains south of Isfahan, where it did a forced landing in December. Some have been repaired, but it is doubtful whether during the year more than three French machines have been airworthy at one time. It will be some time before French aviation can recover prestige in Persia. The French Legation and the French pilots blame the Persian officers who made the purchases, saying that they took reconditioned war machines and charged their Government the price of new ones. The Russian machines, which appear to be of a D.H. 9 type, and the German machines have been consistently satisfactory, and have done much useful work in operations and in maintaining communications. Machines were used against the Lurs, and bombs were dropped with considerable moral effect. Machines were also used in the Arabistan operations, but only for reconnaissances. The strength of the Persian Air Force at the end of the year was:—

- 4 Russian machines similar in type to D.H. 9.
- 1 dual-control instructional Russian machine.
- 4 Junker machines.
- 2 Breguets (observation type XIV A. 2).
- 2 Spad (Ecole type 42).
- 2 Potez (Ecole type VIII).

The seventh French machine has disappeared.

There are now only five pilots, two Russian, two German and one French, and, naturally, there is much jealousy and little co-operation. Six young Persian officers are undergoing training in aviation schools in Moscow.

Civil Aviation.

322. The Junkers Company have been since the summer in negotiation with the Persian Government for a contract for an aerial mail and passenger service

between Baku and Tehran, with an eventual extension to Isfahan and other towns in Persia. Opposition by the American financial adviser to the subsidy asked for by the company has so far prevented any terms being arranged. It is reported that the subsidy demanded is 8,000 tomans a month for a bi-weekly service each way between Tehran and Baku and 4,000 tomans a month for a similar service between Tehran and Isfahan. The Prime Minister supports the scheme, and it is possible that provision may be made in the budget of the coming year. The company maintains temporarily four aeroplanes for the Tehran-Enzeli service and two hydroplanes for the Enzeli-Baku service, and several passenger-carrying flights have been made between Tehran and Enzeli during December, the machines used being Junkers, carrying four passengers. On one occasion two Persian ladies made the trip. It is unlikely that this service will be continued unless the postal subsidy is granted by the Persian Government.

Landing Grounds.

323. Landing grounds have been prepared at Tabriz, Enzeli, Tehran, Kum, Burujird, Khorremabad, Isfahan, Shiraz, Ahwaz, Bundar Dilam, Bundar Abbas, Bushire and Duzdab. The landing ground at Bushire was handed over to the complete control of the Persian Government in April.

Aerial Navigation.

324. Although Persia has since 1920 been a party to the International Air Convention, no regulations have yet been made regarding aerial navigation in Persia by foreign aircraft, and special permission has still to be applied for in each case of an aeroplane wishing to traverse Persian territory.

Visits of Foreign Aeroplanes to Persia.

325. The following aviators used the Gulf route during the year:—

Squadron-Leader Maclaren, in April.

Lieutenant Peletier d'Oisy, French army, flying to Peking, in April.

Captains Paers and Beiris, Portuguese aviators flying to Macao, in April. (Their machine was impounded for some days by the Persian authorities on the ground that they had not received permission to land in Persia.)

The world fliers of the United States Army Air Service, in July.

Lieutenant van der Hoop, a Dutch aviator, in November.

Sir Sefton Brancker, in December.

Protection of South Persian Oil-fields.

326. At the end of 1923 it appeared as if the Prime Minister would not long delay putting into execution his plans for substituting direct Government responsibility for the protection of the oil-fields and pipe-line for that of the Bakhtiari Khans and the Sheikh of Mohammerah. A detachment of regular troops had been moved to Shushtar at the end of 1923 and was maintained there during the year, and in February Behbahan was garrisoned by a force of about 600. This appeared to be a further step preparatory to the assumption by the regular forces of the protection of the Anglo-Persian Oil Company's interests. Further action in this direction had not developed before the critical situation in Arabistan arose, and the question of responsibility for the protection of the oil-fields became merged in the whole question of the future status of the Sheikh of Mohammerah. At the end of the year, although Khuzistan was occupied by considerable forces of Government troops, the responsibility for the security of the Anglo-Persian Oil Company's interests remained theoretically as before.

Turco-Persian Frontier.

327. The Turco-Persian frontier was a source of anxiety to the Persian Government throughout the year. The main disturbing factor in this area was Simko, who was probably responsible for the many minor raids into Persian territory by Turkish Kurds. This caused somewhat strained relations between the Persian and Turkish Governments, as the latter refused to hand over Simko or remove him from the vicinity of the frontier. A further cause of complaint by the Persian Government was the refusal of the Turkish Government to pay any compensation

for the loss or damage sustained by Persian subjects in the raids referred to above. Several minor encroachments into Persian territory were made by Turkish troops and small posts established probably with a view to securing, by a *fait accompli*, a readjustment of the frontier demarcated by the commission in 1914. These posts were later withdrawn as a result of strong protests by the Persian Government. The caravan route between Tabriz and Trebizond was closed for a short period in May and June, the Turkish authorities refusing to allow animals to cross the frontier into Turkey, on the plea that there was some animal disease in Persia. It is almost certain that this was not the real reason, but that in reality the Turks wished to get the transport business, which was almost entirely in the hands of Persians, for themselves.

Consular Escorts in Persia.

328. The proposal made at the end of last year by His Majesty's Minister on the recommendation of His Majesty's consul-general at Isfahan for the abolition of the consular escort at that place and the increase of the gholams' establishment from 3 dismounted gholams to 2 dismounted and 4 mounted was approved by His Majesty's Government in April, and the escort left Persia in June. Proposals by His Majesty's Chargé d'Affaires for the abolition of the Kermanshah and Hamadan escorts were not sanctioned by His Majesty's Government, and the reliefs which were due for these two escorts, together with that of the Legation, duly arrived in November. As the Hamadan consulate had not yet been reopened the personnel of that escort are distributed equally between Kermanshah and Tehran, sowars from these escorts accompany the mail bags between Tehran and Bagdad.

British Garrisons in the Persian Gulf.

329. The decision of His Majesty's Government to reduce the number of British Indian troops in the Persian Gulf to the strengths which existed before 1911, which had been communicated to the Persian Government in December 1923, was put into execution in February, and the garrisons in the Gulf were reduced to a total strength of two companies with a headquarters which were distributed as follows:—

Bushire: Headquarters of Persian Gulf garrison and 1 company less 2 platoons.
Bundar Abbas, Henjam: 1 platoon (2 sections at each).
Jask: 1 company, less 2 platoons.
Charbar: 1 platoon.
Bahrein: 1 platoon.
Maskat: 1 platoon.

330. This evidence of the friendly consideration of His Majesty's Government for Persian *amour-propre* and of their confidence in the reorganised military forces was highly appreciated by the Prime Minister and received favourable comment in the press. A proposal by the Government of India to make a redistribution of the troops in the Persian Gulf whereby the headquarters would be transferred to Jask and the garrison at Bushire reduced to one platoon had not received the sanction of His Majesty's Government at the end of the year.

Jask Air Observatory.

331. With the agreement of the Persian Government a temporary upper air station was established at Jask by the Indian Government in June in order to gain a knowledge of upper air currents on the imperial air route and to see what light this would throw on the physical causes of breaks in the Indian monsoon. Before giving sanction the Persian Government stipulated that a full report of the investigations made should be furnished to them. In November the Indian Government asked that the original term of six months agreed upon should be extended so that observations might be made for one complete year. This also has been agreed to by the Persian Government.

Naval.

332. The much-advertised "Pehlevi," a ship acquired in Germany for the Persian navy, arrived in the Persian Gulf in December. No details of her are yet available. It was announced in the Persian press that she was being armed in Italy,

but according to a report received from His Majesty's Government no armament was visible when she passed Port Said. She is said to be commanded by an Armenian, Kachkian, who served in the Russian imperial navy under the name of Kachkov. There is little doubt that this ship was originally intended for the Caspian Sea and that the Russians prevented her being sent there. After her many years of unchallenged monopoly of the Persian naval flag in Gulf waters the old "Persepolis" will doubtless bitterly resent the advent of a younger if not very aristocratic rival.

XI.—MEDICAL AFFAIRS.

Sanitary and Kindred Affairs.

The Persian Sanitary Council.

333. The council has continued to hold monthly meetings. Dr. Amir Aalam, the president, after nine months' absence spent in nursing his parliamentary constituency (Khorasan), returned in April. In February, Dr. Höring, medical officer of the German Legation, was introduced as its delegate—the first since 1915. Dr. Höring saw service in East Africa during the war, and was a prisoner in England. In 1921, when the short-lived Ministry of Health was suppressed, the Sanitary Council became a dependency of the Ministry of Public Instruction, a Sanitary Section of the Ministry forming a connecting link. The section had of late shown a disposition to ignore the council and gradually assume the position of the sanitary authority of the country. This proved too much for Dr. Amir Aalam, who, after a failure to get the council placed under the Ministry of the Interior, succeeded in persuading the War Minister, Serdar Sepah, to take it under his wing. The change was made in October, and Dr. Amir Aalam was appointed Director of Public Health Services, and Dr. Aalam-ed-Dowleh president of the Sanitary Council. The Sanitary Section of the Ministry of Public Instruction was dissolved, and its chief retired into obscurity. The new Department is practically independent, and has behind it the great authority of the Serdar Sepah.

Epidemics: Plague.

334. Outbreaks in countries bordering on Persia are mentioned as well as on Persian territory proper:—

January—
Debai (Trucial coast of Persian Gulf).
Bahrein (ended in February).
Bagdad and Basra.
February—
Astrakhan: inspection enforced on arrivals in Persian ports on the Caspian.
Nasseri (doubtful).
March—
Bahrein: recrudescence.
March-May—
Mohammerah: 152 cases, 115 deaths.
Abadan: 233 cases.
April—
Kishm Island (Persian Gulf): numerous cases.
Cheharbehah (Persian Gulf).
Geshui (Persian Gulf) (5 miles from the port of Gavaneh): 17 cases, 14 deaths.
Medical inspection at Kasr-i-Shirin for all arrivals from Irak.
May—
Irak: 6 cases a day.
Bunder Abbas: 12 cases, 7 deaths.
Bushire: 1 case in quarantine station.
Lingah: 1 case.
July 10—
All ports of Persian Gulf declared free of plague. Disease practically at an end in Irak.

It is to be noted that the number of cases at Abadan was less than half the number in 1923. The outbreak at Geshui was traced to labourers returning from Basra, who landed on the coast from a native boat. Plague was reported at Kabutar, a village 40 miles from Kerman, in May, and Dr. Mesnard, of the Pasteur Institute, was sent to investigate. He reported that the disease was due to food poisoning. This was a fresh instance of the ineptitude of Persian doctors in sanitary work, and is to be set down to the low standard of medical education in the country.

Cholera.

335. During the year one case was reported (on the 7th June), from Abadan. There was no epidemic in Irak.

Encephalitis Lethargica.

336. Somewhat numerous cases were reported from Yazd (June). One acute case and several showing sequelae were seen at Tehran.

Typhus Fever and Smallpox.

337. Sporadic cases of typhus fever, and scattered small outbreaks of smallpox, were reported from different parts of the country.

Malaria.

338. This continues as the most prevalent and damaging disease in Persia. There was no exacerbation of the usual rise in the number of cases which occurs between July and September. The exceptionally cool summer would account for this. The physician to His Majesty's Legation made a tour in Mazanderan during September and October. He found 100 per cent. of the children under 10 years of age in the summer quarters had enlarged spleens. In a village reputed to be the most healthy on the Caspian coast (Mahmudabad) 60 per cent. of the children in the village school had large spleens.

Influenza.

339. Cases occurred in all the large centres, and there was a great deal of respiratory catarrh, especially affecting the upper air passages and wind-pipe.

Epizootic Disease.

340. In February there was an outbreak of anthrax in Aragh. In the late summer and autumn anthrax and cattle plague were very prevalent in the northern and western provinces. Many thousands of cattle died and the autumn ploughing was carried on with great difficulty and the help of donkeys and horses, or not done at all. Sixty thousand inoculations for anthrax were performed by the Pasteur Institute in the Tehran district, and 4,000 army horses were protected. More could have been done if funds had been forthcoming. Nothing was done in the case of cattle plague, though the Soviet Government offered to provide a large quantity of serum. The Persian Government were ready to accept it, but not the services of the Russian staff which was to accompany it.

341. Glanders is very common in Persia, and a horse died in the Legation stables of the disease. All horses were then tested with mallein and others had to be slaughtered as well as two donkeys and a mule.

342. The recurring outbreaks of cattle disease, culminating in the severe one of the year under review, have at last induced the Persian Government to do something. A French veterinary surgeon has been engaged and the Majlis has voted 30,000 tomans for a veterinary institute. It is to be hoped that it will be better supported than the Pasteur Institute has been. The new building begun two years ago is still unfinished. Unfortunately the landowners are too lethargic and too shortsighted to see that much might have been achieved by united action among themselves.

The Quarantine Service in the Persian Gulf.

343. From the section on "Plague," it will be seen that the service was, as is usual in the first half of the year, busily occupied in preventing the introduction of the disease. The small outbreak at Bunder Abbas was quickly brought under control, as was one at Lingah right at the end of the year 1923. The latter is specially mentioned, as the karguzar reported unfavourably to Tehran on the medical officer's work. The Sanitary Council asked for a report, and this showed that by his energy in searching out cases which had been landed down the coast, the officer

in question had prevented an epidemic. It is known that the karguzar received a reproof from Tehran as a result. This incident, and a repetition of a previous request by the Minister for Foreign Affairs for papers which would show how British medical officers came to be engaged in the Persian Gulf, were the only signs during the year of the tendency shown by the Persian authorities to attack the quarantine service in the Gulf. The enquiry from the Minister for Foreign Affairs was made in connection with the Civil Status Law, by which all foreigners in Persian employ must have contracts. The Sanitary Section of the Ministry of Public Instruction, indeed, said the question would certainly be raised when its budget came before the Majlis, and asked that we should be prepared, for there were there no Persian doctors who could usefully replace ours. The Government of India were accordingly asked whether they would agree to contracts being signed by their officers, and their reply was a conditional affirmative. The question was, however, never raised by the Majlis, and the budget went through. A lengthy reply, which had already been approved by the Secretary of State, was sent to the Minister for Foreign Affairs on the 3rd April. There is not, of course, and never has been any formal agreement between the two Governments with regard to quarantine duties in the Persian Government. The quarantine arrangements were first confided to British medical officers by the Persian Government as far back as 1864, and their presence has been recognised in numerous ways since then by that Government, and the service expanded and elaborated with its expressed approval. The service is, in fact, the only real sanitary service in the country, and Persians are intelligent enough to realise that if they had to carry out its duties themselves it would cost them very much more, and further, that they have no doctors qualified for the work.

344. A report on the service, for which the Sanitary Council asked in 1922, was read at the April meeting. In it the chief medical officer drew attention to defects in buildings and *matériel*, which had not been made good on account of lack of funds. The Sanitary Council promptly added to the budget nearly 2,000 tomans for unforeseen expenditure, and 5,000 tomans for repairs and new works, and these additions were approved by the Majlis. The previous year's budget of 18,600 tomans was approved, but there have been throughout the year great delays in payment which have much embarrassed the medical officers, and the system of fixed allotments for each of the five stations has not been a success. Correspondence has passed between His Majesty's Minister and His Majesty's Resident in the Persian Gulf, on the question of fixed salaries for the medical officers at a fixed kran-rupee rate, as well as on other matters which would tend to facilitate payments by the Persian authorities under the new system of a centralised budget. It will be remembered that formerly the expenses of the service were paid by the Customs Administration, but this has been stopped by the financial adviser.

345. The defects reported in the disinfecting apparatus at the different ports, described in the report of the chief medical officer, led to His Majesty's Chargé d'Affaires urging that they should be remedied without delay and no efforts spared to keep the *matériel* in the best possible order.

The Sanitary Defences of Persia.

346. Next to the littoral of the Gulf, the Perso-Iraki frontier is the greatest cause of anxiety to the Persian sanitary authorities. Plague, it will be remembered, has been endemic in Mesopotamia for many years, and cholera appears from time to time. Indeed, the frontier interests both countries, and in November 1923 the Government of Irak proposed that common action should be taken to deal with outbreaks of disease in either. His Majesty's Minister communicated the proposals to the Minister for Foreign Affairs, and after two requests that action should be taken had been made to him, a meeting was arranged by the Ministry on the 13th February, to which it sent a representative. Others present were the chief of the Sanitary Section, the acting president of the Sanitary Council and the physician to His Majesty's Legation. The proposals were warmly approved by the two sanitary authorities, and a request was made for further details and for the views of the Government of Irak as to the feasibility of sharing the single quarantine station at Khanikin on the pilgrim route from Kermanshah to Bagdad. The required information was later communicated to the Persian Government, but no further action has been taken.

347. On their own side the Persian Government instructed the Sanitary Council in February to arrange for sending a commission to Arabistan to study the frontier defences. Such a commission could very well have met the Irak sanitary authorities

and worked out some concerted plan of action, but (let it be noted as evidence of the dearth of sanitary officials in Persia) at a special meeting held to discuss the matter, no Persian members were named. Naturally, the commission was never appointed. It is to be hoped, however, that when regular relations are established between Persia and Irak, the subject of common action on the frontier will be taken up again.

348. As a matter of fact, as so often happens in the case of the indolent and careless, in spite of the moralists, the Persian authorities were up to a certain point justified in their *laissez-faire* attitude later on in the year. In August the physician to His Majesty's Legation obtained the permission of the Anglo-Persian Oil Company to give a résumé of a report on its medical services, issued in March, to the Sanitary Council. This not only made clear what a large amount of free medical treatment the company was giving to natives, but also showed that a very excellent sanitary service had been built up. This department was especially well organised at the port of Abadan and along the Karum River, into a series of quarantine stations, the very points about which the Persian authorities were anxious. An appendix to the report described the energetic anti-plague measures which had been taken at Abadan, and which had coincided with a drop of half the number of cases as compared with the previous year. The fact which, however, impressed the Sanitary Council above all others, was that the company, in spending £40,000 in a single year on its medical services (as opposed to its sanitary section), had considerably exceeded the total sanitary budget for the whole of Persia.

349. The rest of the western frontier has been left untouched. The question of a quarantine station at Kasr-i-Shirin came up again, as it has done every year, for the last quarter of a century. If the Persian authorities could see their way to use and share the expense of the station built by the Government of Irak at Khanikin, only 18 miles away on a road which has no particular natural features, they would be better protected than by a station staffed by Persians, and would save much money.

350. On the northern frontier the quarantine stations at Astara and Enzeli are in ruins. As regards the eastern frontier, nothing further has been heard of the proposal to send a medical officer to Duzdab. It was reported, however, that the Governor has shown remarkable energy in improving the sanitation of the town.

The League of Nations and the Sanitary Situation in Persia.

351. It was known that the American financial advisers had been taking an interest in public health questions in Persia, and the possibility of American assistance being given was freely mentioned in the Sanitary Council. Later, to say the least of it, a very highly-coloured account of the prevalence of disease in Persia appeared in the proceedings of the League of Nations, and from then on its intervention (of course, financial) was spoken of as a certainty. The report in question was thought to be the work of one of the advisers and Dr. Amir Aalam, and to have been designed to make the flesh of sanitary authorities in Europe creep. However that may be, Dr. John Gilmour of the Sanitary Section at Geneva came to Tehran in June, specially to report on the real state of affairs. He was given all facilities by the Persians, and stayed in the country more than two months. His report had not been published at the end of the year.

British Doctors and Persian Employ.

352. The following remarks should be read in conjunction with paragraphs 391 and 392 of the 1923 report: Sir Percy Loraine having expressed his willingness that Drs. Scott and Neligan should examine the proposals of the Prime Minister for employing them in establishing a school of health, they were visited by the Persian doctor who had been chosen as the future director of the school. It then transpired that the proposed school was to be an army medical school, that the authorities had no definite plans, and that the prospective director merely wished to obtain the doctors' views on the organisation of the institution. These were given to him, and he came for a second interview; but after that nothing occurred, and it was learned later that the doctor, who had always expressed himself as not hopeful of anything serious being done, had withdrawn from the affair.

MISCELLANEOUS.

Opium.

353. The total production of sap for the year 1923-24 was 1,950,000 lb. Of this 1,372,650 lb. passed through the Government warehouses as compared with

1,156,083 in the previous year. The difference between the quantities produced and controlled was due to smuggling, chiefly in the country itself.

354. His Majesty's consular officers have reported increased cultivation from Isfahan (33 per cent.), Sultanabad (100 per cent.), Fars (100 per cent.). There has been a great fall in the prices obtained: from 60-70 tomans (£12 to £14 at par) in 1923 to 25-30 tomans in 1924. This has been due to increased production, but also to the action of merchants interested in the export trade.

The Import Trade.

355. Persia imports opium from India and Afghanistan. The customs returns for 1923-24 show the following quantities:—

	Lb.
From India	67,844
From Afghanistan	15,034

Opium from India was transhipped at Bushire and was consigned to China, Hungary and France, undoubtedly for illicit purposes.

356. The Persian consul-general at Calcutta attracted the attention of the Government of India to himself, by issuing licences for the import into Persia of Indian opium! So obvious an instance of "sending coal to Newcastle" could have had for its object only the evasion of the restrictions in force in India, and the reshipment of the opium to the Far East. It was too much for the consul's superiors, who as a result of the protest of His Majesty's Legation, telegraphed their disapproval to him. Objections to the import of Indian opium were also raised by the Persian financial authorities, who saw in it an addition to the odium already incurred owing to the export opium trade.

The Export Trade.

357. According to the customs returns the number of pounds of opium exported increased from 255,697 in the year 1921-22 to 690,833 in the year 1923-24. The latter quantity was less than that exported in 1914-15 (875,166 lb.), but the value was very much greater (£1,204,394 at par, as against £828,925).

358. The exports to Russia through Bushire showed a great increase, from 42,620 lb. in 1918-19 to 451,275 lb. in 1923-24, while the exports across the northern frontier showed a decrease. It is known that the Soviet Government encourages the growth of the opium poppy in Siberia, and has given a concession to a society known as "The Bureau of Opium Monopoly of Siberia," with headquarters at Vladivostok. These facts should be recalled when reading the section of this report which deals with the illicit trade between the Persian Gulf and the Far East.

359. The packing for export of four cases, each containing 160 1-lb. cakes of raw opium, to make one case, has apparently become the settled practice at Bushire. In this way the exporter circumvents the Opium Convention which, under the system of import certificates, deals in terms of original cases.

Measures for controlling Commerce in Opium.

360. The following should be read in connection with paragraph 403 of the annual report for 1923: Discussions with regard to the proposed King's Regulations for regulating the shipment of opium in British ships from the Persian Gulf, were carried on during the greater part of the year. Early in January Sir P. Loraine received a fresh memorandum on the subject from Dr. Millsaugh, the financial adviser to the Persian Government, in which he added to the objections urged previously by him, his belief that the proposed regulations would only transfer the trade to Japanese and Russians, would hit Persian merchants very hard, would embitter Anglo-Persian relations and would provoke passive resistance to all forms of opium control. In May a meeting was held at the Foreign Office, at which Sir P. Loraine was present, and at which the views of the Foreign Office, the Colonial Office, the India Office and the Home Office were stated. The following points emerged. It was important that His Majesty's Government should go into the approaching Opium Conference with as clean a sheet as regards the Far Eastern opium trade as it was possible to secure. The traffic was carried on chiefly under the British flag, Hong Kong was a convenient centre for the illicit opium trade, and a member of the colony, Hajji Muhammad Hassan Khan Nemazi, a British subject, was the principal shipper. The situation in Hong Kong was being dealt with by

legislation. The issue of the proposed King's regulations would prevent the illicit trade by British ships. The objections to the issue of the regulations were:—

- (1.) That the illicit traffic would merely be diverted—a possibility which was not important from the point of view that was before the meeting.
- (2.) That their effect on Persia's financial position would react unfavourably on the improving relations between His Majesty's Government and that country.

Sir Percy Loraine very strongly urged the importance of considering the latter objection, and advised that the co-operation of the Persian Government in controlling exports should be formally sought, and that a respite should be given to the various interests involved by deferring the enforcement of the draft regulations until the 1st January, 1925. The meeting then considered the advisability of more energetic action at Hong Kong, and of penalising Nemazi, even to the extent of depriving him of his alleged British nationality. As regards the question of Persian exports, it was decided that the considerations urged by Sir Percy Loraine required that it should be submitted to the Secretary of State. Ultimately, in August, His Majesty's Chargé d'Affaires received instructions to inform the Persian Government that the proposed restrictions would be put into force from the 1st January, 1925. He was to emphasise the fact that the United Kingdom had undertaken to prevent export of opium to China altogether. He was also instructed to invite his American colleague to express to the Persian Government his approval of any measures calculated to diminish the illicit traffic in opium. This, however, Dr. Kornfield found himself unable to do, as he had received instructions to confine himself entirely to the question of the murder of Vice-Consul Imbrie. The King's Regulations were exhibited at Bushire on the 27th November (see paragraph 403 of the report for 1923).

361. With further reference to the illicit traffic in opium between the Persian Gulf and the Far East in general, and to the afore-mentioned Nemazi in particular, the following notes are of interest: His Majesty's consul at Vladivostok, in a despatch dated the 6th April, reported that a certain consignment from Bushire of 413 cases of opium (say, 66,080 lb. if each case is taken at 160 lb. and not at four times that weight), only 180 lb. were landed according to the customs returns. Further, that the two Japanese ships mentioned did not call at Vladivostok. Later the commercial mission at the same port reported that only 5 lb. had been imported, whereas the consul-general at Bushire in his monthly return mentioned 753 cases as having been shipped. As a result His Majesty's Resident in the Persian Gulf was instructed to send copies of all statements of opium shippings direct to the Governor of Hong Kong. Nemazi practically controls the trade between the Persian Gulf and the Far East. Most of the ships are his, and could no doubt be transferred to another flag if he found himself in difficulties. He has an American agent named McDermid at Vladivostok. Two of his ships carrying opium caught fire at sea, but in each instance there was another to stand by and take off the cargo. Another of his ships formed the habit of changing her flag and her name. The activities of Nemazi include an extensive organisation for the illicit distribution of opium in the Far East. In Persia he has in his employ two expert English chemists, who test the morphine content, and he has been able to encourage poppy cultivation, while keeping the price of the sap down.

362. Correspondence passed between the Foreign Office and the United States and Japanese Governments with reference to the traffic between the Persian Gulf and the Far East. According to the statistics of the League of Nations, 23,235 kilog. of Persian opium were imported by Japan in 1922. The United States Government would join in urging the Persian Government to take more effective measures of control, but would not approach the financial adviser direct on the subject.

363. As regards the attitude adopted by the Persian Government towards this question, it is to be noted that in May His Majesty's Legation enquired whether they intended to execute the recommendations of the Advisory Committee on opium on the subject of distributing information on seizures, and the movements of persons engaged in illicit trade. The reply stated that in 1923 the Persian Government had instructed their delegate to inform the League of Nations that their adhesion to the article in question (No. 3 of The Hague Convention) was cancelled.

364. The Persian authorities, asked in August to say what measures were being taken to reduce opium cultivation and consumption, replied that the following were in force:—

- (1.) Cultivation under licence.
- (2.) Reduction of cultivation and replacement by suitable crops.
- (3.) Prohibition (to become effective in three years) of cultivation in certain provinces.
- (4.) Exclusion (future) of opium-users from the Government service.
- (5.) Exclusion of non-users from tea shops where smoking is permitted.
- (6.) Propaganda against the use of opium, and in favour of the discovery and employment of opium cures.

365. It was thought advisable to discover how much of this programme was actually being carried out, and a questionnaire was accordingly sent to His Majesty's consular officers. All had not replied by the end of the year, but it was evident from the answers received that in effect little was being done except the collection of the increased taxation. This, however, did appear to be having a restraining effect in some districts on both cultivation and consumption; indeed, in Fars it was stated that a crop other than opium would shortly become more profitable, such as cotton or silk. On the other hand, a tendency to smoke the very harmful shireh (a mixture of opium and the burnt residue left in the opium pipe) in preference to opium, was noted in Shiraz.

366. The opium taxes now include a fee for a licence to cultivate (5 krans), an inspection tax (5 krans), banderole tax on prepared opium for local consumption (1 kran 5 centimes), and an export tax of 20 krans per man (6½ lb.).

Refugees.

Assyrian (proposed Vice-Consulate at Urumia).

367. At the beginning of the year there was still a considerable number of Assyrian refugees in the northern districts of Irak. Those whose homes were in the Urumia district of Persia numbered about 5,000, some 9,000 having already been repatriated, and settled in Azerbaijan. His Majesty's High Commissioner for Irak, while anxious to repatriate the remainder as soon as possible, was of the opinion that there were two main obstacles in the way of effecting this. In the first place, he considered that His Majesty's Government were under no further obligation to incur any large expense on behalf of the Assyrian nation; in the second, he understood that many of the refugees concerned were deterred from wishing to return to their native country owing to tales of religious persecution of their friends who had already returned to Urumia by the local Persian authorities. Partly with a view to counteracting such persecution and affording protection to some extent to the returning refugees, he advocated the establishment of a vice-consulate in Urumia.

368. This proposal, however, did not finally meet with the approval of His Majesty's Government, though it was pointed out that there were already Soviet consuls at Urumia and Maragha, who had attempted with considerable success to register the returning Assyrians as Russian subjects, that Turkish and Russian intrigue in the district was powerful, and that from an intelligence point of view Urumia was important. Such arguments, in fact, did not prevail against the consideration that commercially the importance of Urumia was negligible, that the establishment of such a consulate would very probably alarm the Persian Government, who might suspect that His Majesty's Government were giving countenance to the scheme of Agha Petros for an autonomous Assyria, which would involve taking a slice off Persian territory, and that the rumours of religious persecution appeared to be very largely untrue. His Majesty's consul at Tabriz reporting that, according to information supplied by officials of the Near East Relief, such persecution merely consisted in attempts on the part of the local Persian authorities to make study of the Koran compulsory in all cases where Mahometan children were obliged to study the Bible.

369. Though religious antagonism could hardly be said to be non-existent, the main difficulties of the returned refugees seem, indeed, to have been of an economic and political nature. In many cases their property had been seized by landlords, who forced them to cultivate the land as tenants on very harsh terms; the fact that a large proportion of their number consisted of widows and children did not add to their economic productivity; while they were apt to be occasionally ill-treated by Persian officials, who bore them some resentment for the part they had played in the war. That the relief work of the Near East Relief saved a considerable

number from starvation during the earlier and latter part of the year was undeniable; and the announcement in the spring that this institution would shortly cease its operations was consequently much to be regretted. It was believed, however, that in any case the missionaries would remain in the Urumia and Salmas districts.

370. In any case, His Majesty's Minister had recommended before his departure on leave that the difficulty as regards the proposed vice-consulate at Urumia could best and most economically be met by authorising His Majesty's consul at Tabriz to undertake periodical visits to the district for the purpose of obtaining information and of lending assistance to the refugees in cases where this might be possible. This suggestion met with approval, Mr. MacDonald preferring it to the plan for a permanent vice-consulate which had the support of the Colonial Office; and in December His Majesty's Minister accordingly urged that it should at once come into effect, either a definite annual travelling allowance being made to His Majesty's consul at Tabriz, or the Legation authorised to sanction his journeys to Urumia and district as circumstances might demand, the cost of such journeys to be charged in his accounts with the Foreign Office.

Armenian.

371. Early in July the Legation learned from M. Arakelian, the secretary in charge of Armenian affairs at the Legation of the Union of Soviet Socialist Republics, that the Soviet Government of Armenia was prepared to admit and care for 1,000 more refugees from those still remaining in Irak. It appeared that the necessary permission to cross Persia had been obtained from the Persian Government, who had in addition issued instructions to the Persian consul-general at Bagdad to grant inclusive visas for the journey to Armenia to parties of thirty. Mr. Ovey consequently approached His Majesty's High Commissioner at Bagdad with a view to discover whether, given the lack of funds available and the poverty of the refugees, the Irak authorities could grant railway facilities and be prepared to waive visa charges altogether. Sir Henry Dobbs, however, replied that, while the former would be granted, it was held that the refugees could afford to pay for the necessary visas. He added that a party which had already left under these conditions, armed with an "inclusive visa" issued by the Persian consul-general at Bagdad, had, after waiting a week at Kasr-i-Shirin, been eventually turned back by the Persian frontier authorities.

372. In September, however, 100 started afresh, it being understood that the objections of the frontier authorities had been overcome, while a month later it was reported that 200 more were ready to set out, and were only prevented from doing so by the rumours of disturbances in the Caucasus. The end of the year may therefore be said to have witnessed distinct progress in the matter of the repatriation of what M. Arakelian could not refrain from terming "ces malheureux sacrifiés de la guerre mondiale."

Imperial Ottoman Bank.

373. The question of the juridical status of the branches of this bank arose in an acute form during the year under review. The bank, as an Anglo-French concern, claimed capitulatory privileges and the submission of suits filed by or against it to the jurisdiction of the tribunal of the Ministry for Foreign Affairs in Tehran or to provincial karguzari courts. In October the bank in Tehran was cited as a defendant in a suit filed against it by a Persian subject in the native courts. The bank refused to accept the summons to appear in that court and was eventually subjected to a verdict by default. By representation of His Majesty's Chargé d'Affaires a stay of execution was obtained pending further consideration by the Council of Ministers on the vexed question of the bank's capitulatory rights. The Persian Government claimed that as the bank's "siège social" was Constantinople, it was therefore a Turkish concern, subject in Turkey to Turkish laws, and that therefore in Persia it was amenable to Persian jurisdiction. In so far as the protection of the bank's interests was concerned, it was in December agreed between His Majesty's Government and the Government of the French Republic that while joint diplomatic protection shall be extended to the bank, France shall be charged with the protection and consular jurisdiction of the local branches of the bank in Persia, and this decision was accordingly communicated to the management of the Tehran branch of the bank. At the close of the year the discussions with the Persian Government had not reached any definite result.

Nizam-es-Sultaneh's Debt.

374. At the beginning of the year Nizam-es-Sultaneh's debt of £1,069 0s. 2d. to His Majesty's Government was still outstanding to the extent of £709 4s. 2d., £359 16s. having been recovered during 1923. With a view to repaying the balance, Nizam-es-Sultaneh had handed over to His Majesty's Legation a "barat" on a debtor named Ali Veiss for 1,110 tomans; while at the end of January he produced a further bill for 2,340 tomans drawn on Messrs. Gulshan and payable to His Majesty's consul-general, Bushire, fifty-one days after presentment. After despatching this, however, he represented to the Legation that he had, in fact, paid too much; and considerable correspondence was exchanged before he could be persuaded that, the debt having been contracted in sterling, it must be repaid at the rate prevailing when his "barats" or drafts were actually cashed. In any case, it looked as if the "barat" drawn on Ali Veiss was of little value, since the debtor repeatedly protested his inability to pay. This was the state of affairs when Nizam-es-Sultaneh died on the 8th April. His heirs were immediately informed of the state of the debt, and it was suggested that, as it had been so long outstanding, it should be made a first charge on the property. At the same time, the Ministry for Foreign Affairs was requested to inform the heirs that this must, in fact, be done. The heirs professed their desire to settle matters without further delay, and on the 13th June it was learned that the bill for 2,340 tomans had been cashed by His Majesty's consul-general at Bushire, and the proceeds (£531 16s. 4d.) transmitted to His Majesty's Principal Secretary of State for Foreign Affairs. The balance of £177 7s. 10d. now alone remained to be paid, but it was mid-September before this was at last, by reason of the strong pressure brought to bear by the son of Nizam-es-Sultaneh, effected on the "barat" of Ali Veiss for 1,110 tomans, this payment liquidating the whole debt of £1,069 0s. 2d.

Labour Conditions.

376. A request was conveyed to the Legation during the year from the Ministry of Labour, which wished to be furnished with a report on the extent to which labour conditions in Persia conformed to the recommendations of the International Labour Conference. In his reply, Mr. Ovey stated that labour legislation in Persia was scanty chiefly owing to the fact that labour was to a large extent employed in agriculture which was conducted on old and traditional lines. Conditions in the carpet industry were, according to reports received, fairly satisfactory, and in any case a great improvement on those existing a few years previously. At the close of 1923 the Persian Government had found it necessary to issue regulations regarding the employment of workpeople in the factories of Kerman which were calculated to remedy some remaining abuses. Contracts had to be signed in the presence of a priest, the minimum age for the employment of child workers was raised to 10, more holidays on full pay were to be granted, the workshops of men and women were to be separate, and finally, an eight-hour day was introduced. Early in 1924, however, on the Governor, Serdar Moazzam, endeavouring to enforce these regulations, an outcry was raised among the employers. Representations were made to His Majesty's consulate by the firms concerned in the carpet business regarding the injury to their interests which these rules seemed to threaten, and after some discussion between the consul and the Governor-General some trifling modifications were agreed to which were acceptable to both parties. Subsequently, however, the proclamation was cancelled by order from Tehran on account of protests, it was said, from the master weavers, and nothing more was heard of the matter. With regard to the Anglo-Persian Oil Company, by far and away the largest industrial concern in the country, Mr. Ovey was informed that an eight-hour day for six days of the week was the rule for the 20,000 workmen that it employed. In view, however, of the frequent recurrence of Persian holidays, it was doubtful if an average working week exceeded forty hours. The company had further spared no pains to provide for the comfort of its employees.

Graves and Cemeteries.

377. In January the Armenian Church, near the old British Legation in the bazaar quarter of the town, was visited by a member of the Legation staff, who made a list of the names of British subjects buried there. This list was then checked by reference to the register in the possession of the Armenian priest in charge of the church, and subsequently transmitted to the Imperial War Graves Commission.

Among the names inscribed were found those of Charles Alison, Esq., His Britannic Majesty's Envoy Extraordinary and Minister Plenipotentiary at the Court of Persia (died the 4th April, 1872); Charles Scott, Esq., second son of Sir Walter Scott and a member of His Majesty's mission (died the 28th October, 1841); and the Rev. Dr. Glen, the translator of the Bible into Persian (died the 12th January, 1849). The graves were, generally speaking, found to be in a reasonably good state of repair, and the question of their future upkeep was referred to the committee of the Akbarabad Cemetery, Tehran.

Legation Bags.

378. At the beginning of the year the Legation bags came by three different routes. Secret matter was despatched via Bombay and Bagdad, the journey taking from six to seven weeks, while most confidential correspondence was sent direct by air mail from Cairo to Bagdad, thus effecting a saving of time of about a month. Non-confidential matter was entrusted in the main to the newly-instituted Nairn Cross-Desert Motor Service, this taking two days longer to reach Bagdad than the air mail service. Once at Bagdad, all bags alike were taken up to Tehran in a post waggon by sowars detailed for the purpose from the Tehran and Kermanshah escorts, the journey between Bagdad and Tehran taking about a fortnight to accomplish in summer and as much as six weeks in winter. Occasionally, however, if a reliable British subject could be found who was about to travel by one of the various motor services from Bagdad to Tehran, the bags were entrusted to him, and at least ten days thus saved.

379. Various means of improving this service had been from time to time proposed and considered, and at length, on the 24th March, the Legation asked for official sanction for its proposal to entrust the carriage of the mails and bags from and to Bagdad to the Eastern Transport Company. The latter had stated its readiness to establish a regular fortnightly service at a cost of 75 tomans for the down and 100 tomans for the up journey, provided that the bags did not weigh more than 50 lb. and 100 lb. respectively. It was understood that all such bags would be under the personal supervision of a British chauffeur, and that they would be placed in a special locker of which the keys would be in Tehran and Bagdad. The company, moreover, undertook, unless the cars were delayed by snow, floods or other natural causes, to deliver the mails within five days after leaving Tehran and Bagdad respectively.

380. The Legation, in submitting this scheme to the Foreign Office, pointed out that great saving could be effected if it were adopted, as economy in the telegraph bill would certainly be achieved in view of the increased possibility of sending information by despatch.

381. Approval was obtained, but owing to unforeseen delays in establishing the Eastern Transport Company's service between Tehran and Bagdad the contract was given on similar terms for a period of six months to Mr. Parsons, working in conjunction with Messrs. Lumsden and Greene, Bagdad agents for the Nairn Transport Company. His Majesty's Government, however, wish a sowar to accompany each bag for additional security, particularly in case of accident to the driver of the car, and this arrangement was finally made by an additional payment of £10 per single trip for the sowar. The Parsons' service worked well until December, when Mr. Parsons exercised his option to terminate the contract as he had obtained other employment. A fresh contract was therefore made, for a period of one year from the 1st January, 1925, with the Eastern Transport Company, who agreed to use none but British drivers for this service.

382. Besides those already indicated a fresh route for the despatch of registered postal bags was adopted during the year, the Postmaster-General proposing on the 3rd February to send the ordinary mail via Russia. These bags, which are transported from Enzeli by the Persian postal authorities, arrived intact during the year under review. No official arrangement with the Persian Government was therefore concluded for the carriage of diplomatic mails by this route, but in point of fact the Persian authorities, as an act of courtesy, delivered the bags destined for the Legation without opening them at the frontier. One instance occurred when two sacks were opened by the Soviet authorities at Baku, on the grounds that they, together with others, contained dutiable articles; but later an apology for this action was received from Moscow by the Postmaster-General, but as no guarantee of inviolability is given by the Soviet authorities, this service could not be used for confidential correspondence. In September His Majesty's Government agreed to Mr. Ovey's suggestion

that the Russian route should also be used to send non-confidential matter, but the Persian authorities have not so far agreed to take over the sealed Legation bags in this manner, and the service has therefore not been initiated.

Arrest of Meshed Newsagent.

383. The news reporter of the Meshed consulate-general at Lutfabad was arrested in November 1923 by the Persian authorities on a charge of espionage. In the opinion of His Majesty's consul-general there is very little doubt that this was due to Russian intrigues. No evidence that he was engaged in action prejudicial to the Persian Government was produced, and representations by His Majesty's Legation secured his release.

Movel Case.

384. In February a certain Movel of Armenian origin, whose rights as a naturalised United States citizen were afterwards shown to have lapsed, took refuge in His Majesty's Legation. He was accused by the Persian authorities of malversations over coal contracts when employed in the General Supplies Purchase Section of the Ministry of Finance under one of the American advisers. After ascertaining that the United States Legation was unwilling to afford Movel any protection seeing that he was under trial and in no danger of his life and that no political considerations were involved, His Majesty's Minister decided to accede to the request of the Persian Government that he should be handed over to them, and this was done, the circumstances being reported to the Foreign Office. Movel was imprisoned for a long time without any definite adverse judgment, and the case gave rise to a great deal of comment and partisanship. By the end of the year the truth, if elicited, had not been made public.

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PERSIA.

Annual Report, 1925.

[E 2635/2635/34]

Sir P. Loraine to Sir Austen Chamberlain.—(Received April 26.)

(No. 186. Confidential.)

Sir,

Tehran, April 8, 1926.

I HAVE the honour to transmit to you herewith, in accordance with standing instructions, the annual report on Persia for 1925.

2. I beg leave to acknowledge the very valuable assistance which has been rendered to me in the compilation of this report by Mr. Nicolson, Major Fraser, Mr. Havard, Mr. Warner, Mr. Jebb, Dr. Neligan and Mr. Trott. Each of these officers has dealt with the special subjects with which he is, or has become, most familiar, and Mr. Nicolson further undertook the editing and co-ordination of the report.

I have, &c.
PERCY LORAINÉ.

Enclosure.

Annual Report on Persia for 1925.

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No. 352.

British Legation,

Gulhek,

July 26th, 1926.

Sir,

In the Annual Report for Persia for the year 1925 it was stated in the section dealing with the financial position of the Persian Government that the Customs receipts for the year ended March the 20th last showed a reduction of over 8 per cent. on the receipts for the previous year. This statement, which was based on the figures then available, was inaccurate, and a more correct, though even now not a final, estimate has since been obtained.

2. This estimate is as follows :-

Comparative Table of Receipts for 1303 (1924-5) and 1304 (1925-6).

<u>Provinces.</u>	<u>1303</u>	<u>1304</u>	<u>Decrease or Increase.</u>
Azerbaijan	6,333,985. 95	8,871,496. 70	Plus 2,537,510. 75
Astara	1,163,254. 05	1,398,386. 15	Plus 235,132. 10
Guilan	7,094,060. 00	9,510,978. 65	Plus 2,416,918. 65
Mazanderan	936,110. 70	1,305,246. 05	Plus 369,135. 35
Astarabad	380,702. 30	891,637. 30	Plus 510,935. 00
Khorasan	2,772,510. 90	3,600,419. 40	Plus 827,908. 50
NORTHERN PROV.			Plus 6,897,538. 00
Duzdap	9,968,981. 95	8,060,137. 05	Minus 1,908,844. 90
Bushire	18,164,875. 75	17,332,568. 80	Minus 832,306. 95
Bandar Abbas	7,249,619. 95	6,116,382. 00	Minus 1,133,237. 95
Khuzistan	13,757,312. 10	12,722,575. 90	Minus 1,034,736. 20
Kermanshah	22,636,560. 45	22,585,365. 55	Minus 51,194. 90
SOUTHERN PROV.			Minus 4,960,317. 00
Customs Office	819,511. 10	1,057,048. 55	Plus 237,537. 45
Tehran.			
Central Admin.	270,127. 65	87,606. 85	Minus 182,520. 80
<u>Total</u>	<u>91,547,612. 85</u>	<u>93,539,848. 95</u>	<u>Plus 1,992,236. 10</u>

Total :- Krans 93,539,848. 95 @ 45 = 22,078,663,

showing an increase of 2.17% on the previous year.

3./

The Right Honourable
Sir Austen Chamberlain, K.G., M.P.,
Foreign Office.

3. If it is too late to make the necessary correction in the Annual Report, I trust that a copy of this despatch may be furnished to the Departments interested.

I have etc.,

(Signed) Harold Nicolson.

I.—GENERAL REVIEW OF THE YEAR 1925.

THE year 1925 has been especially notable for the deposition of the Kajar dynasty, which had reigned over Persia for some 130 years, and the accession to the throne of Reza Khan, as the founder of a new Royal dynasty, with the title of Reza Shah Pahlavi. The career of this interesting personality, since the moment in the early spring of 1921, when, emerging from the comparative obscurity of a colonelcy in the Persian Cossack Brigade, he captured Tehran with a small body of troops, made a *coup d'Etat*, and placed Seyyid Zia-ed-Din in office as Prime Minister, has been traced in previous annual reports on Persia. That career has now reached its zenith as regards place and power, though maybe not yet as regards achievement, and the erstwhile orderly of the Dutch Legation and colonel of cossacks is now Shah of Persia.

2. It will be remembered that the ex-Shah, Sultan Ahmed, having returned to Persia in December 1922, again left Tehran for Europe early in November 1923, after accepting Reza Khan, the then Sardar Sepah, as Prime Minister. In the annual report for 1923 the forecast was hazarded that this fresh excursion to Europe might cost Sultan Ahmed his throne. It has been fulfilled in less than two years.

3. The events of the year under review have, in fact, been dominated, completely as regards domestic affairs and to a very considerable extent as regards foreign affairs, by this question of the régime and by the efforts of Reza Khan to free himself from the incubus which he saw in the two Kajar brothers, the ex-Shah and the ex-Crown Prince Regent, and their dynasty. At the end of 1924 Sardar Sepah was still in Khuzestan, and the shadow of the disturbance and anxiety originated by the contumacious attitude towards the Persian Government of the Sheikh of Mohammerah still hung over the country. The circumstances of this episode and the part played therein by His Majesty's Government and their representatives were recorded in the report for 1924, and their aftermath will be treated in a separate section of the present report. Tehran awaited the return of the "victorious conqueror," who had reduced to complete submission, by a bloodless campaign, the "rebel" sheikh and restored to the authority of the Central Government the important province over which the sheikh had for so many years held sway in a position of substantial semi-autonomy, which was most galling to Nationalist susceptibilities. Great preparations were made in the capital to welcome the national hero, who reached Tehran on New Year's Day, and was given a tremendous reception, the streets being decorated and illuminated in his honour. There was a story current of a plan to carry him off to the palace and proclaim him then and there as Shah, but nothing of the sort happened, and there is some reason for thinking that Reza Khan himself discouraged the idea. The popularity of Reza Khan at this moment and the attentions showered on him by his compatriots were the obverse of the medal; the reverse side was a recrudescence of damaging criticism of Sultan Ahmed Shah for his prolonged absence abroad and his callous indifference to the welfare of his country and his people.

4. Some three weeks after his return the powerful Prime Minister and Minister for War began to let it be known that the situation as between himself and the Kajars would have to be definitely cleared up. He maintained that in the existing conditions he was unable to work effectively for the welfare and progress of the country, which would have to make its choice between the Shah and himself. It became rapidly apparent that a crisis, similar in kind to that of the month of Hamal in 1924, was impending. On the 8th February Reza Khan gave the assembled representatives of all the parliamentary parties four days in which to find a legal way of eliminating the Shah and the Valiahd, adding that, if they failed to reach a decision, he would appeal to the people. The crisis did not last long, for on the 14th February the Majlis found a compromise solution which Reza Khan accepted. It consisted in the passage of a law confiding the supreme chiefship of all the defensive forces of the realm to Reza Khan—a position which the Shah had persistently refused to grant him—revocable only by the Majlis, to which body Reza Khan thus became answerable. This solution was reached through the co-operation of the groups of the Right, which were gradually coalescing into a royalist party under the leadership of Seyyid Hassan Modarres, a fact which had some influence on the later course of events. The price which Modarres set on his help in the matter was the recall of the Shah, and a reversion to purely civil government throughout the country in preference to a military hegemony. Not long after the Majlis had passed the law creating these extraordinary powers both the Prime Minister and the Majlis tele-

graphed to the Shah inviting him to return, though the former had to be held rather strictly to his bargain by Modarres. His Majesty, however, very unwisely, from his own point of view, showed no disposition to start, and returned nothing but evasive answers.

5. By June it became obvious that the compromise of February had brought about nothing but a temporary alleviation of the tension, which tightened again as soon as the Shah's disinclination to return became indubitable. Popular opinion in the country wanted to preserve the monarchy, to have a Shah, and to keep within the bounds of constitutional legality, but it was at a loss to know how to deal with a wilfully absentee Shah without being false to one or other of its postulates; even the Kajar princes were losing faith in the Shah and looking to the Valiahd rather than to His Majesty for a lead. Meanwhile, Reza Khan's own position was becoming daily stronger, while people were recognising more frankly that the issue which he had raised in February was no idle one, and were beginning to discuss more freely its possible solution, without, however, discerning any that would not necessitate some kind of violence, whether legal or physical.

6. About this time Reza Khan decided to go for a tour in Azerbaijan and Gilan, from which he returned in the second week in July after a six weeks' absence. As was usual during his absences, everything of any importance came to a practical standstill, and speculation was rife as regards his probable attitude towards persons and things on his return. Meanwhile, the parliamentary fractions had divided up into two fairly recognisable groups, that of the Right under Modarres, that of the Left under the so-called Socialist, Suleiman Mirza. The Right were apprehensive of breaking their February pact with the Prime Minister lest he should be thrown into the arms of their opponents, but were determined, as the price of their continued political support, to pull him down from the fence astride of which he had for so long held the balance between them and their opponents, and had played on and baffled their respective jealousies and aspirations for his favour and support, in order to carry out his own policy, quite independently of their caterwaulings. Their plan was to draw him into their camp, and compel him to identify himself with their policy under the threat of going into opposition and putting him in a minority in the Majlis, and for these purposes to insist on the inclusion in the Cabinet of several of their own leaders. Reza Khan ostensibly fell in with their plans and accepted their exigencies; Kawam-ed-Dowleh, Prince Firuz and Fatemi were included in the Cabinet, as Ministers of the Interior, of Justice, and of Public Instruction respectively. But it was a case of "reculer pour mieux sauter" with Reza Khan, whose complacency, as afterwards became apparent, was based on a set of considerations very different from those which the Rights had in mind. Whereas the monarchical Right were striving to harness Reza Khan to themselves in order to increase their political power, to put him in what they regarded as his proper place as a constitutional Prime Minister rather than as a military "Pooch-Bah," and to keep his feet in the straight path of monarchical legitimacy, Reza Khan, on the other hand, took as his allies into his own Cabinet the very men who were pledged to defend the dynasty which he was by then determined to challenge and overthrow, thus making them accessories to the fact. The conception was genial, and one cannot refrain from admiring the consummate skill with which it was put into execution. It was the master-stroke in the policy which Reza Khan had previously pursued in less momentous issues, of paralysing his political opponents by befriending them and associating them with himself. This reconstituted Cabinet was apparently homogeneous, but essentially heterogeneous; Reza Khan adroitly turned both the political and the personal rifts in its composition to his own advantage; and the nominees of the Right perceived, eventually, but too late for them to draw back, that, rather than having attached Reza Khan to their own chariot wheels, he had bound them to his.

7. Things did not begin to come to a head until the Shah, on the 16th September, telegraphed to announce his intention to return to Persia and to sail from Marseilles on the 2nd October. This unexpected move was feverishly discussed in Tehran, but no one could offer a satisfactory explanation of its motive. It was regarded as axiomatic, and probably with justice, that the Shah would not return except with the certainty of being able to dispense with Reza Khan; the latter, however, was firmly ensconced in his high offices of State, and few even dreamed of his being dislodged, however much some may have longed for his disappearance. It was felt that the Shah could not possibly count on any forces in Persia sufficiently strong to overthrow Reza Khan, and the inference was immediately drawn that His Majesty had sought and obtained some assurances of support from a foreign Power; from this it was a short step to conclude that Great Britain was the

Power in question; it was thought unbelievable that His Majesty would seek such assurances in Russia, as that would have compromised him hopelessly even with Modarres, the stoutest of the Royalists. It was, as a matter of fact, true that the Shah had sought assurances, or at all events advice, from His Majesty's Government, through His Majesty's Embassy in Paris, but he had met with a blank refusal from that Government which, as on previous like occasions, had utterly declined to be involved in such a purely domestic affair of Persia's, or to accept any responsibility whatever in the matter. His Majesty's real motive has indeed not yet been revealed; the announcement may have represented a genuine intention to return, though the Shah's previous record lends no probability whatever to this assumption; or it may have been a *ballon d'essai* to see what effect would be produced in Tehran.

8. However that may be—and the answer to the riddle will doubtless become known in course of time, there were happenings in Tehran before the date of sailing, to be precise, on the 23rd and 24th September. Owing to drought and insect plagues the harvest in Persia had been a failure, especially in the neighbourhood of Tehran. Not only was the bread put on sale of bad quality, but also a shortage occurred. This led to demonstrations, not very far removed from riots, which later on proved to be political rather than economic in their origin, for they continued on the second day, notwithstanding the provision of bread in plenty. It afterwards transpired that Reza Khan himself had started the disturbances, with the presumed object of scaring the Shah into remaining abroad; if that be so, he may have succeeded in this object, but the crowd, to the general astonishment, showed a distinctly pro-Shah and anti-Government attitude. This appears to have upset Reza Khan's calculations, which were presumably to start an anti-Shah movement in the capital. The Russians, as was to be expected, tried to fish in the troubled waters, and some 120 persons took refuge in their Legation, probably not without inducement. The Russians, in their turn, were disconcerted, for their *bastis* began to clamour for the return of the Shah. This evoked from the Russians the ingenious but ingenuous explanation that a set of royalist *bastis* had been planted on the unsuspecting representatives of the proletarian dictators by the crafty and unscrupulous English.

9. The 2nd October passed, but the Shah did not use the passage he had booked, though his mother and other members of the Royal Family did set sail. On the 4th October the bazaars in Tabriz were closed as a protest against the Shah's return. Then an agitation against the Shah and the whole Kajar dynasty began in Tabriz and spread rapidly to many other provincial centres. In many places the agitation was certainly encouraged and probably organised by the military authorities, who were not likely to take such action without instructions, or at least the certain knowledge that high quarters would not frown disapproval. It is probable that Reza Khan, when letting loose the disorders in Tehran on the 23rd September, had contemplated an anti-Shah movement starting in the capital and spreading to the provinces; and, finding the results unsatisfactory, decided to reverse the process and make the movement start in the provinces and converge on the capital. At all events, the tactics were successful; the movement spread rapidly and before long it appeared as if there were an irresistible demand throughout the country for the ejection of the Kajars and their replacement by a Pahlavi dynasty. That there was a great deal of skilful engineering to produce this result can hardly be doubted; in so far as the removal of the Kajars was concerned, it was largely genuine; as regards the installation of a Pahlavi dynasty, it was mainly artificial, except in so far as the establishment of some dynasty corresponded with the general belief in a Constitutional monarchy as the most appropriate form of government, and as the best bulwark against Bolshevism.

10. It became clear by the 13th October that Reza Khan intended to force an issue with the Kajars; internally, there seemed to be no difficulty and externally conditions did not seem unfavourable. His Majesty's Government's repeated declarations of neutrality in Persian domestic affairs entitled Reza Khan to assume that they would stand aside; while Russia, and her semi-confederate Turkey, would welcome a change from which each hoped for the emergence of a régime in Persia more nearly approximating to its own. No other foreign Power seriously counted. England, in fact, though standing aloof, was nervous of a change lest it should lead to a landslide; Russia was anxious for a change in the hope that it might produce a landslide. Reza Khan was determined to have the change and avoid the landslide. He had therefore to ascertain definitely that England would not oppose a change and make sure that Russia could not create the landslide. A categorical reaffirmation of their neutrality by His Majesty's Government reassured him on the first point; for

the second point he relied, successfully, on his own rapidity of movement and the sense of the country. On the 28th October, he saw His Majesty's Minister and gave him clearly to understand that matters would very shortly be pressed to an issue, and promised him that when the crisis was safely over British questions would be seriously attended to.

11. Meanwhile the provinces, with Azerbaijan, as usual, in the forefront, were bitterly complaining of the inaction of the Majlis in dealing with the situation and of its inattention to the demand for the removal of the Kajars. Azerbaijan threatened secession unless the wishes of the nation were immediately complied with. On the evening of the 29th October the Majlis started a discussion on the situation, but broke up in disorder when a few shots were fired within earshot of the House. On the 31st October, in the morning, it reassembled, and voted by a large majority a single clause law deposing the Kajars and entrusting the provisional headship of the Constitutional State to Reza Khan Pahlavi, pending the convocation of a Constituent Assembly which should determine the final form of government by modifying certain specified articles of the Fundamental Law. On the night of the 31st October, the Crown Prince Regent was despatched by motor car to Irak under escort. There were no disturbances whatever, not a shot was fired, and the momentous decision taken was received in the capital and throughout the country with absolute calm and complete acquiescence, though mostly without enthusiasm except by the army in Tehran. There was, however, not a single sign of regret for the Kajars. The general impression, so far as foreign Powers were concerned, was that the change was a triumph for England and a blow to Russia.

12. The first foreign Government to recognise the new régime was that of His Britannic Majesty, and the announcement to that effect was made by His Majesty's Minister to the provisional Head of the State on the 3rd November, on the understanding, immediately accepted by the Persian Government, that all treaties, &c., in force between the two Governments would be scrupulously observed. Other foreign Powers represented at Tehran followed suit in due course, with some variations. The Russian recognition was obscure and somewhat surly, for it soon became evident that a monarchy, with Reza Khan as the Sovereign, was the most probable solution, and this would prevent a republic which the Russians so ardently desired to see established. The Russians did not content themselves with an abstract desire for a Persian republic; they took as active steps as they could to secure it. An open propaganda might have antagonised Reza and rendered any subsequent pact with him impracticable, and for this reason Russian agents throughout the country were told to abstain from overt advocacy of a republic, but to do what they could to secure the election to the constituent assembly of friends of Russia. Simultaneously a pro-Republican movement, which Persians resident in Russia were mobilised to support, was organised in the Russian press. These manoeuvres were abortive, and when their failure looked certain, a switch was made by the Russians, the Turks following their lead, in favour of an elective monarchy, as being at all events a lesser evil than an hereditary monarchy. In this also the Russians were doomed to disappointment.

13. Meanwhile arrangements for the elections to the Constituent Assembly were pressed through with the utmost celerity, and the elections were completed by the fourth week in November. The Assembly met in the early days of December, when it was formally opened by the provisional Head of the State, and completed its labours on the 12th December by passing the necessary modifications of the Fundamental Law, the effect of which was to make Reza Khan Constitutional Sovereign with the title of Reza Shah Pahlavi, the succession being to male descendants in the direct line, if born of a Persian mother. The Kajars were debarred from exercising a regency. Two hundred and fifty-seven members voted for; none against; three abstained. The decision was calmly received, and was one which everyone anticipated. The occasion was attended by every outward manifestation of public rejoicing. On the 15th December the new Shah proceeded in State to the Parliament and took the oath of fidelity to the Constitution. On the 16th December His Majesty received the congratulations of the diplomatic representatives, except those of the United States of America and Turkey, who had not by then been authorised by their Governments to recognise the new régime. On this day also the new Shah's accession was proclaimed, and after the reception of the diplomatic representatives His Majesty held a public salaam, seated on the marble throne, in the same manner as his Kajar predecessors. The address on behalf of the foreign representatives was made by His Majesty's Minister, who was the senior among them owing to the fact that the recently-appointed Turkish Ambassador had arrived with letters accrediting him to the ex-Shah.

14. Full recognition to the new régime was offered by His Majesty's Government on the 15th December; His Majesty the King sent a personal message of congratulation to the new Shah, which was very highly appreciated, and the Secretary of State for Foreign Affairs sent a similar message to the Minister for Foreign Affairs through His Majesty's Minister, recalling the interest with which Great Britain had for long followed the fortunes of Persia and expressing the fervent hope of His Majesty's Government for Persia's prosperity and development. The Persian Government, in acknowledging His Majesty's Government's act of recognition, reiterated their acceptance as binding of the treaties, &c., in force between Great Britain and Persia. The other Governments represented at Tehran likewise granted prompt recognition, though that of Russia was couched in peculiar and somewhat ambiguous terms. The Cabinet, which had remained unchanged since before the deposition of the Kajars on the 31st October, resigned on the occasion of Reza Shah's accession and was then reconstituted with Faruki, till then Minister of Finance, as Prime Minister, the portfolio of Foreign Affairs remaining with Hassan Khan Mushar.

15. Thus was achieved, in complete order and tranquillity, and without any apparent violation of legality or of constitutional continuity, an eventful change which bids fair to become a conspicuous landmark in the modern history of Persia. Reza Shah has forced his way through to supreme power by sheer natural ability and force of character; the effete and corrupt Kajar dynasty literally disappeared in the night, unsung and unlamented. Persia is by nature and experience sceptical of political changes and of their efficacy, but beneath the calm surface and the almost cynical affectation of indifference, a hope has nevertheless been born—the hope that Persian native genius is not extinct, that Persia is taking a new hold on life, and may become herself again, holding up her head among the nations of the world, and ceasing to grovel and cringe. If Reza Shah should be granted a normal span of life, should he retain his moral and mental equilibrium in the high station to which his countrymen have bidden him, there is at least a fair chance of this hope being realised; its realisation and the creation of a stable, orderly and prosperous Persia would be a consummation of the highest political value to Great Britain.

16. Other events of the year have naturally been dwarfed by those which culminated in the momentous political change recorded above. As regards foreign affairs the year has, however, been marked by a steady declension of Russian influence, and an equally steady improvement in Anglo-Persian relations. It is true that at the close of the year the four questions in which His Majesty's Government were principally interested, viz., Persia's debt to Great Britain, the Sheikh of Mohammerah's affairs, the recognition of Irak by Persia, and the differential tariff in favour of Russian merchandise, had not been settled, but there was considerable truth in the Persian contention that the internal crisis had militated seriously against the settlement of these matters. In a hundred small ways, however, the improvement could not escape the notice of any competent observer in Tehran. The tone of the press was almost irreproachable; the Majlis was far from antagonistic; the attitude of all Persian officials grew more and more cordial and friendly; the Persian Government not only did not evade discussion of the four main questions, but even gave much evidence of a desire to settle them; popular feeling seemed quite to have shed its acrid attitude towards England, and to be veering gradually round to the old idea of Anglo-Persian friendship, while the reproach of Anglophilism was steadily losing its sting. The year indeed witnessed a slow rebirth of confidence in England among a large section of Persians, while the rise to sovereignty of Reza, whose close and cordial relations with His Majesty's Minister had for long been a subject of universal comment, increased respect for England, it being argued that Reza's success could not have been achieved unless England had favoured it, however unostentatiously and discreetly.

17. The four main questions, and other noteworthy events, such as the Turkoman rebellion, the progress of financial reorganisation under the American advisers, the Arab revolt at Mohammerah, the unrest among the Baluch Sardars of the Sarhad, the alimentation and transport crisis, the settlement of the Urumia Lake navigation and the Cox murder cases, the activities of the Majlis, &c., are dealt with in separate sections of this report.

18. The question of the northern oil concession has remained dormant since the failure of the Sinclair Oil Company, who definitely retired from the field.

19. Economic development continued to occupy attention to a large degree and some definite steps were taken in respect of the allocation of funds to foster it. A

nominal State monopoly was created for the sale of tea and sugar, and the revenue accruing therefrom was ear-marked by law for the sole purpose of railway construction. At the end of the year a Bill was before the Majlis to impose a compounded road tax on goods entering the frontiers, in replacement of the irksome road-tolls, navakel and other taxes previously levied, the surplus revenue of which was assigned to road construction and upkeep. There was another Bill giving the Government authority to prepare a programme of railway construction, and to undertake preliminary surveys.

II.—RELATIONS WITH FOREIGN COUNTRIES.

Russia.

General Comments.

20. The policy of Russia towards Persia cannot accurately be interpreted if envisaged only from the aspect of Communist theory or of Krenlin propaganda. For a people by nature intensely Conservative and in a country where industrialism is practically unknown, the doctrines of Karl Marx can make but an incidental and irrelevant appeal. Men who have since childhood lived under the constant shadow of a northern menace find it hard to see in Russia the champion of oriental peoples or to look to her as a liberator from more distant and less realised oppressions. The influence which Russia possesses, and it is wide-spread and insistent, rests indeed on a basis more concrete, more ancient, and more durable than any of such later theories, and is exercised with a pressure, sometimes stealthy, sometimes blatant, but unvarying in its leaden constancy and weight. For in this at least the Union of Socialist Republics maintain the traditions and the methods of the old autocracy. In the course of the past year the Soviet Government have thus imposed upon Persia a series of galling humiliations, and in almost every case their exactions have been illegal, inconsiderate or unjust. They have thus forced Persia to maintain a preferential tariff in violation of her treaty engagements to other Powers and to the serious detriment of her own revenue; they have exploited the Caspian fisheries without the shadow of legal justification and have occupied some of the Caspian fishing ports with their own armed forces; they have repudiated the grain contract under which they undertook, at a high price, to relieve the famine situation; they have twice enforced their own faulty interpretation of the Russo-Persian boundary and obliged the Persian forces to retire behind the imaginary frontier thus defined; they have manipulated prices in Northern Persia and abused their monopoly of Caspian shipping in such a manner as to ruin a considerable number of Persian merchants; they have constantly endeavoured to interfere in the internal affairs of Persia and to secure the nomination of their own supporters to Cabinet offices; and they have spread over the country a net-work of subversive propaganda and intrigue. It is not surprising that in such circumstances the traditional hatred of Russia, lulled for a moment by the 1920 treaty, should have revived. The Persians are well aware that His Majesty's Government, however kindly they may now have become, are at present unwilling to relieve them of a menace so contiguous and so potent. The engaging optimism of the Persian character tempts them to rely vaguely upon providence, to rely vaguely upon America, to rely, even, upon themselves. The League of Nations has not yet dawned for them as a possible and ultimate protector.

21. The uncomfortable position which the Russian neighbour is thus constantly creating for Persia has not, however, altogether dissipated the effects produced on the Persian nation by the "generous" treaty of 1921 whereby Russia yielded up the Capitulations, cancelled Persia's debt to the Tsarist Government, retroceded without payment all former concessions to Russian subjects, and handed over the Russian Bank to the Persian Government. Alongside the disinclination to indispose a Power which holds such strong strategical and economic positions as Russia, there is also a disinclination to incur an accusation of ingratitude for past benefits or to forfeit the goodwill of which the Soviets are so lavish in expression. The present position thus confirms the whole history of modern Persia; nothing can relieve her of the obsession and fear of Russia but a definite military and political guarantee by some other Power against Russia. This condition cannot be fulfilled in present circumstances, nor in any other ones which can be now foreseen. Persia therefore feels herself compelled to make the best of the position as she finds it.

Caspian Fisheries.

22. It will be remembered that before the war the concession for these fisheries was held by the private Russian firm of Lianosoff, and that in 1918 the Persian

Minister of Public Works illegally cancelled the concession on the ground that Messrs. Lianosoff had failed to pay the prescribed royalties. The Persian Government appear subsequently to have repented of this light-hearted action, for in 1922 they allowed the case to come to arbitration, with the result that the Lianosoff concession was reaffirmed and, in fact, prolonged, for a further fifteen years. Meanwhile, however, the Russian Government had had occasion during their occupation of Gilan to appraise the potential commercial and strategic value of these fisheries, and were now determined to retain the concession in their own hands. In vain the Persian Government argued that the legal rights of Lianosoff had been confirmed by a court of arbitration; the Russians merely drew their attention to the cancellation under the Russo-Persian Treaty of all concessions contained under the Tsarist régime. In vain did the Persian Government reply that this act of cancellation could not in principle have been intended to apply to any concession which Persia herself ardently desired to maintain, nor, in practice, to this particular concession, the existence of which had implicitly been recognised by article 14 of that same treaty. To such contentions the Russians possessed the most effective of all replies: they were, and remained, in physical occupation of the points in dispute. A Russian gunboat lay anchored off Enzeli, and the Lianosoff concession, its piers, its warehouses and its factories were being held by Russian sailors and exploited by the agents of the Soviet Government. The potential and actual value of these advantages was becoming daily more apparent at Moscow. It was recognised that these fishing piers and warehouses might in the future furnish convenient bases for military operations, and that for the present they offered useful facilities not only for propaganda cells, but also for the smuggling into Persia of piece-goods and other merchandise from Baku. The Russians, therefore, refused to budge. The Persian Government, for their part, realising that nothing would induce the Russians to relax their hold, cast about for some compromise which might save their face and to some extent regularise so abnormal a position. The Russians had by constant pressure by then induced one member of the Lianosoff firm to transfer to them his half-holding in the concession. The Persian Government therefore conceived the idea of expropriating the other half and of entrusting the concession to a company nominally Russo-Persian in constitution. The then Minister of Public Works, Taimourtache, was himself alleged to be financially interested in the flotation of some such company, and the support of Reza Khan Pahlavi was, it began to be said, assured. During the course of 1924 some form of agreement was devised between the Russian Legation and Taimourtache, and had actually, it is said, been initialled not only by Taimourtache, but by Reza Khan himself. Serious difficulties then arose. In the first place, Dr. Millspaugh obstinately refused to counter-sign any such agreement, though he reluctantly consented to draft a counter-project which was less absolutely favourable to Russian designs. In the second place, the Public Works Committee of the Majlis showed protracted obstinacy in approving the scheme which had been presented to them. Although this committee did not dare actually to reject the scheme, yet it was found that no quorum for their meetings could be secured. With the settlement of the internal crisis and the accession of Reza Khan to the throne, the Russian Embassy became more insistent. The agreement of 1924 was put into definite shape. The Shah conveyed to Daver, the new Minister of Public Works, an intimation that these delays could no longer be tolerated, and Dr. Millspaugh was politely informed that the matter fell outside the scope of his contract. Beyond these obstructions, however, loomed a further parliamentary commission, the Majlis itself, and finally, public opinion, which was fully on the alert. It is to be expected, therefore, that this question of the Caspian fisheries will form one of the more immediate problems of 1926, and that the position of the Shah will be seriously affected, one way or the other, by the extent to which he facilitates or opposes the design of Russia to secure this footing on the Caspian littoral.

Frontier Incidents.

23. Two such incidents occurred during the year, and on both occasions the Persian Government were obliged to yield to the menaces of their northern neighbour. The first dispute arose in March, and was concerned with the boundary on the Moghan Steppe. This boundary is a continual source of uncertainty, since its definition as embodied in the Treaty of Turkomanchai is based on geographical features, such as small water courses, which are continually shifting their position. It appears that the Persian Government had established two posts on what the Russians claimed to be their side of the boundary. Some 1,500 Soviet troops were

rushed to the locality and some Persian soldiers were moved up from Tabriz. Finally, a mixed commission was formed to define the exact location of the boundary, and the Persian posts were in the meantime withdrawn. The findings of the mixed commission are still being considered by the respective Governments.

24. A more serious incident occurred in October, when the Persian pursuit of some Turkoman rebels raised in an acute form the long-disputed question of the Russo-Persian frontier to the east of the Caspian. It will be remembered that the Russo-Persian Commission of 1882 had defined the frontier as the course of the Atrek River from its mouth to Chat-i-Atrek. The Russian Commissioners at the time had, however, been able to persuade their Persian colleagues to accept as the geographical definition of the Atrek River a small irrigation channel, which had been dug many miles to the south by a farmer of the name of Musa Khan. By this manoeuvre and by a subsequent falsification of maps, the Russians had gained some 40 square miles of good arable land and the control of the Yamut Turkomans. The subsequent attempts of the Persian Government to resurvey the district have been negated by successive Russian Governments, who have also rejected all proposals for a further mixed commission less gullible than that of 1882. In the present instance the Persian soldiers had received instructions to pursue the rebels until they came to "a large river." They somewhat naturally failed to notice the Musa Khan Canal, which was but half-filled with water, and the Russian Government claimed that the frontier had thereby been violated. The Persian Government felt unable to contest their case, and the incident was closed by the withdrawal of the Persian soldiers behind the spurious frontier.

25. In view of the policy of the Soviet Government, as instanced by the creation of the Central Asian "racial" republics, to advance their influence by exploiting tribal unrest, these endeavours to keep the frontier "elastic" are of some significance.

Elevation of Russian Legation to Status of an Embassy.

26. M. Shumiatsky was recalled in the spring and was succeeded by M. Constantine Yureniev, Soviet Ambassador in Rome. The latter arrived on the 13th June, and five days later presented his letters of credence in the capacity of Minister Plenipotentiary. In October he paid an unofficial visit to Isfahan, and held a council of war with the local Russian consul and his colleague of Shiraz. The internal situation was by then developing with such rapidity that the Russian Legation had but little time in which to mobilise any opposition to the elevation of Reza Khan to the throne of the Kajars. M. Yureniev was quick to realise that his efforts must be concentrated rather on modifying the inevitable impression that the accession of Reza Khan constituted a rebuff to Soviet diplomacy. So soon as the Majlis had voted for the deposition of the Kajar dynasty, M. Yureniev visited Reza Khan, and, after profuse expressions of congratulation and esteem, enquired whether it would be personally agreeable to his future Majesty to receive a Soviet Ambassador at Tehran. Pahlavi replied that such an honour would indeed be agreeable, but omitted to inform his Ministers of what had passed. The latter were therefore somewhat astonished to receive some three weeks later an unofficial note from the Russian Legation to the effect that the Soviet Government had been acquainted of the expressed willingness of His Imperial Majesty to raise the status of the respective Legations at Tehran and Moscow to the rank of Embassies, and that they had gladly acquiesced in this proposal. On learning of this Sir Percy Loraine informed the Persian Government that such a change would be most unfavourably regarded in London; that there was no prospect of His Majesty's Government following the example of Moscow; and that in his opinion the Persian Government were making a grievous and quite unnecessary mistake. The Persian Ministers were, it appears, somewhat disturbed by these representations, but the Shah insisted that he could not now go back upon his promise. An assurance was, however, unofficially furnished by the Persian Government both to Sir Percy Loraine and to the Foreign Office that their action was not to be interpreted as indicating any alteration in the regard which this Legation had for so long been accorded. Meanwhile, at a special audience on the 27th December, M. Yureniev presented his letters of credence as Soviet Ambassador.

Bolshevik Propaganda.

27. Although all Bolshevik propaganda may be assumed to have the common objects of the increase of Russian influence and the destruction of British prestige,

it may conveniently be regarded for the purposes of this review under the three heads: (i) Political; (ii) Communistic; (iii) Commercial. In the first two cases propaganda has been much restricted by the censorship of the Persian press, maintained throughout the year, and in the second case by an apparently deliberate moderation on the part of the Soviet authorities, perhaps from a realisation that in Persia Communistic propaganda was damaging rather than increasing Russian influence and contributing to rather than destroying British prestige.

28. Political propaganda has been conducted mainly with a view to convincing the Persian Government and nation of the sympathy of the Soviet with the new Persia, with its new ideals of liberty and independence, which, until he became Shah, it was pleased to identify with the person of Reza Pahlavi. Russia favoured Nationalism, the progress of national ideas, the maintenance of national tradition; Russia was the friend, the helper, who provided grain in time of famine, who refrained from interference in Persia's domestic affairs, who desired to see a solidly unified Persia, economically independent and co-operating with the other nations of the East in resisting the aggression of the Imperialist Powers. But in many matters, notably the provision of grain, deeds have not fulfilled the promise of protestations, though, to give the devil his due, they appear to have done so in one important instance—the Turkoman rebellion, where, in spite of many reports to the contrary, events have not shown that the Turkomans received any considerable material assistance or effective encouragement from the Soviet authorities. On the whole it may safely be said that propaganda has added little to Russian influence in Persia. Such influence as she has to-day—and it is considerable—is derived mainly from the constant factors of her geographical position, the unscrupulousness of her political and commercial dealings and her practical monopoly of the North Persian markets. Propaganda has, if anything, detracted from these existent advantages.

29. Nor has propaganda directed against Great Britain much better results to show. Restricted by the censorship in its use of the Persian press it has depended mainly on the Russian press and on verbal dissemination. It has, unfortunately for its success, had nothing concrete to point to; it has had to content itself mostly with warnings against faith in the apparent fairness, friendliness and strict non-interference of British policy and with laboured attempts to convince that these were but a hypocritical screen to cover the workings of the hidden hand which brought about all Persia's calamities. In two notable instances it attempted without success to divert attention from the intrigues of Soviet policy by imputing Machiavellian designs to His Majesty's Government; the first in the case of the Turkoman rebellion, when it gave an obviously fictitious account of the incitement of the Turkomans through the Sardar of Bujnurd by British agents; the second on the occasion of the *bast* in the Soviet Legation during the bread riots in September, when it accused His Majesty's Government of instigating a number of people to take sanctuary in the Soviet Legation and demand the return of Ahmed Shah in order to embroil the Soviet with the Persian Government. In these cases it was asserted, as it generally is in anti-British propaganda, that the policy of His Majesty's Government was secretly to oppose the regeneration of Persia, the centralising policy of the Persian Government, and particularly the consolidation of the power of Reza Pahlavi, and that therefore it supported the hostile reactionary elements and endeavoured to hamper Persia's progress by encouraging rebellion, and by endeavouring to prevent the subjugation of tribes, who, as a semi-independent tribal entity, were or might be more amenable to British influence. But British policy as regards Khuzestan and the tribes of the Sarhad and in other instances on the western border has effectively shown the Persian Government the true nature of these accusations. And the impossibility of producing any evidence that His Majesty's Government had in even the most insignificant way attempted to prevent the deposition of the "reactionary" Kajar dynasty or to oppose the—to them—very unpopular enthronement of Reza Pahlavi has left the Russians with little alternative but to accuse the latter of being a British puppet.

30. Bolshevik propaganda may have delayed, but it has not prevented, a steady and appreciable improvement in Anglo-Persian relations; perhaps, indeed, in some cases, more particularly in those where by misrepresentation and falsehood it had at first succeeded in arousing doubts of British good faith, it has assisted towards that improvement. Events have too clearly proved its insincerity or its falseness, and by discrediting its authors it has brought credit to its intended victims.

31. Of propaganda conducted with the object of spreading Communistic ideas there is little to be said. It has been inconspicuous during the year except among

Armenians, and it appears that the Soviet authorities may have realised what was obvious to others, that these ideas were repugnant to the Persian people, and that their dissemination was increasing the distrust of, and hostility to, Russia and Russians. It went ill with their avowed policy of support of Reza Pahlavi's "progressive" Government; nor does it appear that to create chaos and anarchy has been the aim of Bolshevik policy during, at least, the latter part of the year; rather has it seemed to favour the consolidation of the authority of the Central Government over a unified Persia, but in the belief that that Central Government was destined sooner or later to be of a form that would be easily and completely subjugated to Soviet influence. And that influence was to make itself felt not only through the Central Government but also through the widely-spread network of commercial organisations which are reviewed elsewhere in this report.

32. Although the harvest gathered from propaganda in Persia is to all outward appearance a very poor one, few seeds having come to fruition, though some have sprouted only to wither in the light of truth, it would be unwise not to admit that some of the many seeds planted may retain their productive power underground and, in favourable conditions, yet bring profit to the sowers. If Russian policy in Persia should change, as it may well do if they are disappointed in their hopes of securing a subservient Persian Government, it may be that the creation of the racial republics in Central Asia, their fostering of racial consciousness, and their advertisement of their regard for small races under alien domination will assist towards a piece-meal Sovietisation of Persia, if that should become their programme.

Anglo-Russian Relations in Persia.

33. The relations maintained during the year between His Majesty's diplomatic and consular representatives and their Russian colleagues have been throughout frigidly correct. The Soviet representatives for their part do not expect their foreign colleagues to attend the annual autumnal celebrations of the Communist revolution, and, indeed, the speeches made on such occasions are of so sovietic a character that even the Persian Government have instructed their officials to abstain. Beneath the glacial, if smooth, surface of M. Yureniev's relations with this Legation flows a dark and bitter current of suspicion; he is convinced that His Majesty's Minister employs an army of agents throughout Persia whose sole task is to spy upon Russian consuls, to disseminate anti-Russian propaganda, and to provoke incidents likely to compromise the servants of the Soviet in the eyes of the Persian Government and public. The diseased vanity, the febrile self-consciousness, of Soviet mentality obscure for him the facts that no such counter-organisation is necessary, and that this Legation are merely observing his activities with deliberate detachment—noting their frequent clumsiness, assessing, at moments, their considerable cost to the Russian exchequer, estimating their meagre return, and hoping ardently that sooner or later they will land M. Yureniev in some highly unpleasant incident. This attitude of aloof rectitude, the very fact that the Russian agents have never identified our mythical counter-organisation, has seriously disconcerted the Russian Legation. Their irritation and their perplexity were manifested during the year by two very curious *démarches* which were made almost simultaneously in London and in Moscow. On the 1st April M. Rakowsky, during an interview with the Secretary of State, complained of the "hostile attitude taken up by British banks towards Russian trade in Persia." M. Yureniev, in advising his Government on this point, must have known perfectly well that there was no shadow of foundation for any such reproach. In May M. Chicherin himself made the surprising proposal to Mr. Peters that an agreement should be negotiated between His Majesty's Government and Russia which, while eschewing the actual forms of the 1907 convention, would in effect give Russia a free hand in Northern Persia and His Majesty's Government a free hand in the south. Sir Percy Loraine, on learning of this project, expressed the opinion that any revival of the 1907 convention, the spirit of which had been consistently violated by the Tsarist Government, would only be of direct disadvantage to British interests in Persia, without offering so far as he could judge those compensations of general European policy which had justified the original agreement. The overtures of M. Chicherin were not responded to by His Majesty's Government.

Russo-Persian Commercial Relations.

34. Such questions as the preferential tariff, the Russo-Persian Commercial Treaty, the Russian bank, the Russian postal and transport contracts are dealt with in the trade section of this report.

United States of America.

35. The Legation remained in the charge of Mr. Wallace Smith Murray, as Chargé d'Affaires, until he left Tehran on transfer on the 4th July, when Mr. Copley Amory, junior, assumed direction of the Legation in the same capacity.

36. Mr. Hoffmann Philip, United States Minister at Montevideo, was appointed to Tehran in the spring. He did not, however, arrive before the end of the year.

37. The American financial advisers are dealt with elsewhere in this report. No political event of outstanding importance occurred in Perso-American relations, which remained good.

Irak.

Recognition of Irak.

38. It must unfortunately be admitted that the conclusion reached at the end of the section devoted to this subject in the last year's annual report erred on the side of optimism. Not only did the Persian Government delay their definite and favourable decision, but they delayed it during the whole course of the year, the position at the end of which was scarcely more favourable—indeed, from a certain point of view less so—than at the beginning. The probable reasons for this procrastination will be mentioned later: the development of the negotiations during the year were briefly as follows:—

39. As was noted in the last year's report, the prospects of securing recognition seemed, in January 1925, to be bright. The Persian Government had already conveyed to King Feisal, through their consul-general at Bagdad, an intimation of their readiness to recognise the State of Irak; and it seemed as if all that was necessary was to settle the various questions connected with the despatch by Irak to Tehran of a formal and ceremonial mission to announce the accession of King Feisal and with that by Persia of a subsequent and more serious delegation, whose object would be the negotiation, in Bagdad, of a treaty, and the discussion of any questions that the recognition might raise. On the 17th January His Majesty's Minister addressed a note to the Prime Minister on these lines.

40. It soon became apparent, however, that the Persian Government were not going to grant recognition without endeavours to obtain some form of *quid pro quo*. Mention was made by the Minister for Foreign Affairs of certain desiderata on the satisfaction of which the Foreign Affairs Commission—to whom His Majesty's Minister's note of the 17th January had been referred—were insisting as a preliminary to recognition; and during the course of February a list of "Nineteen Points" was communicated by the Persian Foreign Office. There is no need to recapitulate in detail all these desiderata. The majority were harmless enough. But these points were described by His Majesty's High Commissioner for Irak, to whom the list was referred, as entirely unacceptable by the Irak Government. These were:—

- (i) The demand that Persians in Irak should be tried in respect of civil and criminal cases by the special court instituted by the Irak Government for the trial of the nationals of any European or American State which formerly benefited by the Capitulations in the old Turkish Empire.
- (ii) The demand that Persia and Irak should have the right of diplomatic representation in each other's capitals.
- (iii) The demand that Persia and Irak should have equal rights over the Shatt-el-Arab from its mouth to just above Mohammerah, and that the boundary laid down in 1913 (low water mark on the Persian side) should be disregarded.

In addition to these three points were three others connected with exemption from military service, with the administration of estates, and with the protection of the Holy Shrines in Irak, all of which His Majesty's High Commissioner considered to be fit subjects for discussion. Later the Persian Government added another point, the purport of which seemed to be that goods consigned to Persia through Irak should be exempted from transit dues—a suggestion which the Irak Government was most unlikely to accept.

41. It was clear that, presented with these rather ambitious desiderata, the attitude of His Majesty's Government and the Irak Government might well be that

the act of recognition should precede any discussion of a treaty. His Majesty's Minister, however, was reluctant to make any such statement to the Persian Government, who would very probably, he considered, be discouraged and snubbed, and not pursue the matter any further. Fairly strong pressure seems to have been exerted about this time on the Persian Government by a certain section of the ulema, who were opposed, ostensibly on religious grounds, to the recognition of anything approaching a foreign mandate for the territory which included the sacred cities of Kerbela and Nejef. From his retreat at Meshed, Mahdi-el-Khalissi addressed a telegram of remonstrance to the Minister for Foreign Affairs, and later a fiery article from the pen of Ayatulla Yazdi appeared in the "Shafagh-i-Soorkh." It may have been partly for this reason that Reza Khan was vague almost to the point of inarticulateness when approached directly by His Majesty's Minister on the subject of recognition on the 18th February. His Highness, however, was understood to say that Persia would like to treat the matter direct with the native Iraklis, and that the appearance of Great Britain as Irak's sponsor might weight the scales unduly against Persia.

42. It was only natural that this evasive attitude of the Persian Government should produce a certain amount of impatience, and even exasperation, in Bagdad. Early in May His Majesty's High Commissioner, evidently considering that a change of policy was desirable, proposed what was in fact a kind of ultimatum, calculated to force the hand of the Tehran authorities. Briefly, Sir Henry Dobbs's proposal was that the Persian Government should be requested to apply for exequaturs for their consular representatives in Irak. If they did so, this would constitute formal *de jure* recognition; if they did not, their consular representatives should not be allowed to exercise any authority whatever. Coupled with this proposal was the expression of the opinion that the suggested arrangements in regard to the exchange of missions had better be finally abandoned.

43. This proposal, while not lacking in justification, was not approved in its entirety by the higher authorities on the score that, if adopted, it might unduly embitter Anglo-Persian relations. His Majesty's Minister, nevertheless, received instructions to draw the attention of the Persian Government to the method of granting *de jure* recognition outlined above, and he further hinted privately, in an interview with the Minister for Foreign Affairs, at the quandary that the Persian Government might find themselves in if recognition were longer delayed and if Persia eventually found herself to be one of the only Powers who had not accorded it. (It should here be noted that during the course of the summer the French, Swedish and Norwegian Governments all accorded recognition by the above-mentioned means.) Sir Percy Loraine subsequently suggested that the path might well be smoothed if some anodyne reply were addressed to the Persian Government in response to the note together with which the original desiderata had been submitted, and proposed a form of words which might satisfy the susceptibilities of the Persians and at the same time concede no essential point.

44. At this stage, however, the prospects of a successful outcome to the negotiations brightened suddenly with the instructions which the Prime Minister issued towards the end of July to the Minister for Foreign Affairs to proceed with recognition on the lines of the exchange of missions already mentioned. His Majesty's Government at once fell in with this suggestion of the Prime Minister on the solitary condition that, when inviting the Government of Irak to despatch their formal mission, the Persian Government should also instruct their representative in London to approach them with a view to secure King Feisal's exequatur for the Persian representatives in Irak. It thus seemed once again as if the matter had entered on its final stage. An incident in Khuzestan, where the Karguzar refused to admit that His Majesty's consul could extend his good offices to Iraki subjects, only created—in view of a prompt disavowal by the Central Government—a temporary disturbance in an otherwise placid sky, and the moment appeared to have arrived when the Persian Government, after weighing the pros and cons, had decided to put an end to an awkward and anomalous situation.

45. Unfortunately, before the assent of His Majesty's Government to the Prime Minister's proposal had had time to penetrate the mid-August languor of the Ministry for Foreign Affairs, other questions arose which temporarily put the question of recognition in the background. The bread riots and the subsequent dynastic crisis occupied the entire attention of the Prime Minister, and the year closed with the question in very much the same state as it had been in twelve months before—that is to say, with the Persian Government having formally announced their

decision to recognise Irak, but in point of fact doing practically nothing to put this decision into effect.

46. It remains to consider the reasons which induced the Persian Government to display throughout the year so singularly little enthusiasm for a measure to which they had already in principle consented. Foremost amongst these, and probably first in order of importance, was, it would seem, the element of uncertainty that existed during a large part of the year in regard to the future of Irak. It was clear that the Persian Government had, from the point of view of immediate necessity, little to lose by delaying recognition, and something to gain if, the Mosul Vilayet having been allotted to Turkey and the Irako-British alliance having lapsed, they had not prejudiced their position *vis-à-vis* the Turkish Republic. It was clear, too, that the mere fact that the recognition of Irak would constitute, to a certain extent, a success for British diplomacy was enough in itself to render it anathema to the Soviet Government, of which the Persian Government stood in constant apprehension. Soviet efforts in Tehran could be relied upon to make use of every force which tended to delay recognition, and, in particular, to mobilise that current of public opinion which, as has been noted above, was opposed to it on religious grounds. The ulema, and more especially the powerful section residing in Nejef, were, it is true, not entirely united. Intrigue limited their capacity for harm. But, for all that, the fundamentally anti-foreign attitude which they represented almost undoubtedly formed the third main reason for the hesitation of a Government which—as had been shown at the time of the abortive republican movement—was very sensitive to their influence. It would be easy to enumerate subsidiary reasons: the difficulty about courts, the disagreement in regard to the frontier on the Shatt, and other similar points raised by the Majlis Commission, certainly played their part, but they were of minor importance, and would probably solve themselves were the main difficulties avoided.

Sheikh Mahmud of Suleimanieh.

47. The comparatively unrestricted freedom which Sheikh Mahmud apparently enjoyed to find refuge in Persian territory to elude the operations conducted against him during the year by the Irak forces was a subject of frequent complaint by His Majesty's High Commissioner in Bagdad. The Persian Government were urged to fulfil their neighbourly obligations either by expelling Sheikh Mahmud from Persian territory or by apprehending him and removing him to a safe distance from the frontier. They did not deny their duty in this respect and admitted that the removal of this turbulent Kurdish chief from the sphere where he exercised influence over the Kurdish tribes and could be troublesome both to Persia and to Irak was also to their interest. But, while expressing complete goodwill to co-operate in this matter with the Irak Government, they pleaded inability to do so effectively without the despatch of an expedition. The area favoured by Sheikh Mahmud, the Avroman-Merivan country, was not effectively controlled by the Persian Government; it was unoccupied by troops, and although the chiefs were nominally submissive they could evade the execution of the orders of Government in a matter of this sort until Government was in a position to ensure compliance by force. It was the firm intention of the then Prime Minister to undertake operations, as soon as he could make the troops available, for the disarmament of all the Kurdish tribes from Ruansir to Avroman-Merivan, and to maintain military garrisons in the latter area. These operations would, he anticipated, result in the expulsion of Sheikh Mahmud to Irak territory or his surrender to the Persian Government. Troops could, however, not be made available until the situation in Lurestan (see paragraph 391) permitted of a reduction in the forces occupying that country. This condition was not fulfilled until October, when preparations were begun for the commencement of the disarmament operations in the Juanrud-Ruansar area. An enquiry was then made by the General Officer Commanding the Western Division of the Persian army regarding the nature and extent of the co-operation that might be expected from the Irak military authorities. To discuss the general question of co-operation along the frontier, and, particularly, in regard to Sheikh Mahmud, the Air Officer Commanding in Irak flew to Tehran in October, and in a private interview with the Prime Minister arrived at an agreement on the general lines on which co-operation might be undertaken. As regards Sheikh Mahmud in particular, it was agreed that the lateness of the season precluded any satisfactory co-operative operations in the area affected. There was, in any case, little prospect that the Persian operations would progress rapidly enough to ensure Avroman-Merivan being reached before the

spring. At the end of the year Sheikh Mahmud was still living, when he chose, comparatively unmolested in Persian territory.

Nationality of Tribesmen on Perso-Irak Frontier.

48. In May the High Commissioner at Bagdad informed His Majesty's Minister that a number of Sheikh Khazal's tribesmen in the Basra district were addressing the Military Governor at Mohammerah, claiming Persian nationality and requesting Persian certificates of nationality. The Persian consul-general was ordered to enquire into the matter from Tehran under the misapprehension that the Basra authorities were attempting to seduce Persian subjects from their allegiance. Sir Percy Loraine explained the circumstances to the Persian Government, pointing out that the object of these tribesmen, who were not and never had been Persian subjects, was to evade military service in Irak. He asked that this should be explained to the Persian authorities concerned, adding that the Irak Government could not tolerate an attempt by a number of its subjects to claim allegiance to a foreign Power, and that, if they persisted, steps would have to be taken to bring them to reason.

49. The Persian Government maintained in reply that the Mohaisin and Chaab tribes, living on the right bank of the Shatt-el-Arab, were actually of Persian nationality, and asked that the Irak authorities should cease to molest them. The grounds for this contention were as follows:—

- (i.) Names were registered in the tribal books.
- (ii.) These tribes had not taken part in the Irak revolt.
- (iii.) They had always shared the fortunes of the Beni-Turuf and the Chaab of Khuzestan.
- (iv.) They had not taken part in the Irak elections.
- (v.) They were not registered at Basra.
- (vi.) Their cases were always referred to their tribal chiefs at Mohammerah for settlement.

After consultation with Sir H. Dobbs, Sir P. Loraine again wrote on the 20th July to the Persian Government, pointing out that they must have been misinformed in some important respects, and traversing and rebutting one by one their arguments. This note evoked a request from the Persian Government for a mixed investigation on the spot into the nationality and identity of the tribes in question. In forwarding this proposal to Bagdad, His Majesty's Minister drew the inference that the Persian Government wished to transfer to themselves rights acquired by Sheikh Khazal over these tribesmen under the loose Turkish régime at a time when the sheikh himself was a quasi-independent Arab ruler, and suggested that the Irak Government might find a solution simpler than that of engaging a controversy with the Persian Government, in telling the tribesmen that their employment in Irak was conditional on a cessation of this agitation, and, failing compliance, in sending them across to Persia and replacing them by other cultivators.

51. Later on, at the request of the High Commissioner, Sir P. Loraine pointed out to the Persian Government that the principles on which their attitude was apparently based did not conform altogether to the practice of conterminous States in regard to tribes territorially partitioned by their frontiers. The principles generally recognised were as follows:—

- (i.) In the case of settled tribesmen, the nationality of individual tribesmen follows the frontier, not the place of residence or the nationality of the head of the tribe.
- (ii.) In the case of nomad tribesmen, nationality depends on the comparative length of the annual period spent on one or other side of the frontier.

Instances were quoted in which these principles had long been in application on the Perso-Irak frontier, and precedents were cited from the Turco-Persian Boundary Protocol of 1913, the Turco-Persian Treaty of Erzerum of 1847, and the more recent treaty of Lausanne. Lastly, it was shown that the tribesmen in question were Iraklis according to the Irak nationality law. As a conclusion, the Irak Government expressed their inability to accept a mixed commission both as being undesirable and as constituting a precedent which would be no less embarrassing for Persia than for Irak; and announced their intention to reject, on the ground of the principles enunciated above, any claim by the Persian Government regarding the nationality of tribesmen settled and domiciled within Irak territory.

52. The Persian Government replied on the 22nd November that they were studying the contents of Sir Percy Loraine's note and would notify him in due course of their conclusions. Meanwhile, they made a general reservation of their rights over Persian nationals in Irak territory. By the close of the year no further communication had been received from them.

Outbreak of Brigandage on the Khanikin Road.

53. The unfortunate occurrence of brigandage during the latter part of the year on a road which had been considered for a considerable time to be perfectly safe caused great annoyance to the Persian Government, and not least to His Imperial Majesty, who was reported, after one particularly flagrant incident, to have paid a personal visit to the War Office and expressed his displeasure in the most positive manner to the Minister of War.

54. The trouble began at the end of July, when according to the statement of the Persian Government a party of mounted robbers, alleged to belong to the Bajlan tribe of Irak, attacked the post between Khompereh Darrah and Mulla Yakub, wounding a ghulam, killing the horses and carrying off the mail. A month later a British chauffeur named Stevenson, while driving a lorry with eighteen Persian travellers, was robbed of all his effects and of a considerable sum of money when quite close to the frontier near Khosrovi. The Persian Government again accused Irak tribes of being responsible for the outrage, but did not produce any positive proof that this was the case; while Mr. Stevenson stated that the robbers' headdress seemed to point to their being Kurds. In any case His Majesty's High Commissioner, to whom the matter was referred, suggested that the best way to meet the difficulty was to establish co-operation between the local authorities on either side of the border—a suggestion to which the Persian Government promptly agreed, appointing Major Nasrulla of the Nasser Regiment to act as Frontier Commissioner for the district in which the robberies had occurred. The commissioner does not seem, however, to have really taken up his duties much before the beginning of December; and in the meantime two serious incidents had taken place—both, as it so happened, on the 15th November. In the first of these a car containing three Jews was held up at Khompereh Darreh and the occupants relieved of their property and clothes, one of them being in addition hit in the heel by a bullet. In the second, an American lady named Mrs. Quehring, travelling with her son and daughter in a Ford car, was held up within a few miles of the frontier near Khosrovi and robbed of some of her property, though the situation was in this case saved by the timely arrival of another car with road guards. As other cases of brigandage on Persian subjects were reported about the same time in this district, it was strongly suspected that the Amnieh Post at Khompereh Darreh was in league with the bandits, who were supposed to be recruited from bad characters from both sides of the frontier. This suspicion was communicated privately to the military authorities, and whether it was noted and acted on or not, no more robberies occurred near Khompereh Darreh during the remainder of the year. In December the Irak Government appointed Captain Butler to act as Frontier Commissioner in conjunction with Major Nasrulla, and it was hoped that the co-operation thus effected would result in the speedy dispersal of the marauding band.

Gangir Water.

55. Owing very largely to the exceptionally dry summer, this question became acute in August, when His Majesty's Minister received a telegram from the High Commissioner at Bagdad to the effect that the people of Mandali, in Irak, who were dependent on the water of the Gangir, which flowed down from Persian territory, were suffering from a very severe drought which was accentuated by the action of the cultivators of Saumar, on the head-waters of the river, refusing to allow the half of the water that had been assigned to Mandali by the Turco-Persian Frontier Commission of 1914 to flow down into Irak territory. His Majesty's Minister consequently addressed a letter to Mushar-ul-Mulk protesting against this action, and received a satisfactory reply to the effect that the Ministries of War and the Interior had been requested to instruct the authorities in Luristan to divide the water equitably in accordance with the findings of the commission referred to above. Early in September, however, a further telegram was received from His Majesty's High Commissioner stating that the situation was still acute, and suggesting that the people of Mandali should be authorised to negotiate direct with the cultivators of Saumar concerning the sale of their share of the water at an agreed price. The

Minister for Foreign Affairs, to whom this proposal was referred, eventually replied that the officer commanding troops in the Saumar district had been instructed to arrange such a distribution; and it appeared in October that negotiations on these lines had borne fruit in a temporary agreement by the terms of which the Mandali landowners received a third of the water (instead of the half due to them), but which put an end for the moment to their embarrassment. His Majesty's High Commissioner, however, stated on their behalf that their acceptance of this temporary arrangement in no way invalidated their claim to a full half of the water, and this point of view was duly communicated to the Persian Government. Finally in November the Minister for Foreign Affairs of his own accord suggested that Manshur-ul-Mulk, who was about to proceed to Bagdad in connection with a special mission connected with the assumption by Reza Khan of the Supreme Power, should be authorised to negotiate with a representative of Irak concerning the whole question of the division of the water and the possible institution of a dividing plant. The year closed as these negotiations were about to be initiated.

Ulema.

56. No very active interference of the Irak ulema in Perso-Irak politics occurred in 1925. Their influence on the various outstanding political events in Persia during this period was, however, occasionally noticeable. While at Nejef at the end of 1924 Reza Khan was believed to have received a petition from the ulema of that town to the effect that Ahmed Shah should not be allowed to return to Persia, that the ban on pilgrimages should be removed, and that concessions for the construction of railways should be granted to any foreign Power with the exception of Britain. His Highness's reply was understood to be in effect a rebuke to political priests, and may possibly have acted to a certain extent as a damper on their continual intrigues. Although from this petition it would seem that the ulema were opposed to Ahmed Shah, there is little reason to suppose that they were particularly well disposed towards his ultimate successor. They seem in general to have been particularly apprehensive lest Reza Khan should have been contemplating the institution of a republic on Turkish lines; and although they were somewhat reassured on this score by the ultimate nature of the dynastic revolution, there remained the suspicion that the new Head of the State was to a certain extent a puppet of the "foreigner" and consequently unlikely to pursue a purely Islamic policy in foreign affairs.

57. In April, Sheikh Mahdi-el-Khalissi died at Meshed of apoplexy, and the anti-British section of the clerics was thus deprived of one of its mainstays. It is true that a month or two before his death Sheikh Mahdi-el-Khalissi had executed a complete political *volte-face*, and declared his sincere repentance for all his past acts of an anti-British nature; but it was thought that this recantation was very largely due to the influence of his son, Khalissizadeh, whose political convictions were of a very plastic nature, and who had himself made overtures to His Majesty's consul-general at Meshed in the early spring. Khalissizadeh's object was in fact, to be allowed to return to Irak; and though the Irak Government had refused absolutely to listen to his first professions of repentance he renewed his overtures in November, when he declared during the course of an interview with Captain Wickham that the best thing for Persia would be a Government of Reza Khan with an orientation towards the British, and expressed an ardent desire to be informed of the attitude towards him of His Majesty's Legation. After consultation with His Majesty's High Commissioner at Bagdad, His Majesty's Minister consequently telegraphed a message for communication to him, the purport of which was that he would ultimately be judged by his acts rather than by his words; but in view of his past history the Irak Government did not find it possible to remove their ban upon his return from exile. Khalissizadeh does not, however, appear to have borne any grudge in this connection; and it is in any case satisfactory to note that such an astute political intriguer should have become convinced during the year that circumstances had so reacted in favour of Great Britain as to compel him, in spite of his notorious antecedents, to make every endeavour to change his political coat.

Transgressions of the Frontier.

58. Cases of such transgression by Persian soldiers were numerous enough during the year to merit special mention. Though in many cases they may have been due to simple thoughtlessness on the part of the local military, it is certain that they tended to increase the friction which undoubtedly existed between the Irak and

Persian Governments, and had its root to a large extent in the failure of the Persian Government to accord recognition. It is hardly necessary to describe these incidents in any detail—in general they bore a strong resemblance to each other—but a simple statement of their main characteristics and dates may be of use for purposes of record.

59. About the New Year a Persian officer accompanied by a number of soldiers from the Persian forces in Pusht-i-Kuh visited Mandali for the purpose of obtaining supplies, and demanded the assistance of the Kaïmakam in securing the return of certain deserters. In January a Persian soldier and policeman entered the village of Kita'a in Irak and arrested a certain Towaini-bin-Bedir, taking him under escort to Abadan on account of a suit filed against him in a Persian court. In March a Persian boundary official and twenty soldiers crossed the frontier near Duwarij, and in April an officer and several soldiers again visited Mandali, where they were disarmed by the local authorities, but given back their arms on condition that they recrossed the frontier immediately. In the same month a troop of Persian cavalry conveyed a letter to Ali Kuli Khan, one of the sons of the Vali of Pusht-i-Kuh, who was then at Imam Reza in Irak territory, while in May two instances occurred of armed Persian soldiers visiting Ali Gharbi for the purpose of posting letters. Finally, a rather more serious incident occurred, also in May, near Kurnah, on the frontier in the neighbourhood of Mohammerah, when the Persian authorities seized a flock of sheep which were being driven towards Basra, although these had passed the frontier by a considerable distance; their excuse being that the sheep were being smuggled into Irak without having paid the legal customs duty.

60. In addition to these incidents, there was an instance in November of Persian officers visiting Abadan in uniform, without having previously applied for permission to do so; while three cases occurred during the year of tribal raids into Irak, accompanied in one case by considerable loss of animals and property.

61. The attitude of the Persian Government towards the numerous remonstrances which His Majesty's Minister was obliged to address to them in respect of these various transgressions of the frontier was not, on the whole, very satisfactory; though frequent protestations were made by the Ministry of War that the most stringent orders had been issued to the local commanders to prevent a recurrence of such incidents. His Highness the Prime Minister, however, declared on the 16th July, during the course of an interview with His Majesty's Minister, that there was absolutely no malice aforethought in the matter, and that the incidents were simply due to ignorance and carelessness—an assurance the sincerity of which there seemed, when all was said and done, little reason to doubt.

Turkey.

62. In May, Turkish consular posts were opened at Kermanshah and Hamadan.

63. The Turkish Ambassador, Mouhieddin Pasha, was informed by his Government in July that he was to be moved from Tehran. In informing the Persian Government he intimated that his Government were contemplating the reduction of the status of the mission to that of a Legation. The idea was, however, dropped. Mouhieddin eventually left Persia in October, and after an interval was replaced by Memdouh Chevket, a considerable part of whose career has been spent in the countries now forming part of the Union of Socialist Soviet Republics. The new Ambassador had not presented his letters of credence by the end of the year.

64. Turkey's attitude towards the change of dynasty appears outwardly to have been one of indifference, though signs were not wanting that the Turkish Government or at least their local representatives would have distinctly preferred a republic or an elective monarchy.

65. On the whole it appeared from various small indications that the relations of the Turkish Embassy with the Persian Government were not always carried on in the most friendly spirit, and that current business was apt to give rise to a certain friction. No progress is known to have been made in the long-standing question of the position in Turkey of Persian subjects married to Turks. More than once during the year considerable inconvenience and some irritation was occasioned by the closing of the Turko-Persian frontier by the Turks on the pretext of the existence of cattle disease on the Persian side. On the collapse of the Kurdish rebellion in Turkey some of the insurgents, including certain of the sons of Sheikh Said, fled across the border into Persia, where, after some fighting, they were disarmed.

66. As regards the Mosul question, Persia, while holding strictly aloof, is undoubtedly inclined to favour the success of Great Britain. Turkey seems on two

occasions to have been at pains to impress Persia with her chances of ultimate success, once through the Persian delegate to the League of Nations and again through the Ambassador at Constantinople. It is unlikely, however, that either of these attempts produced much effect on the Persian Government. No serious effort seems to have been made by the Turkish Government to approach the Persian Government in regard to the proposal for a pact of security made in connection with the Mosul negotiations.

67. The activities of Simko and the general question of events on the Turko-Persian frontier are dealt with in paragraph 164.

Japan.

68. No political event of importance occurred during the year to bring Japan and Persia into touch. Political relations may, in fact, be said to be practically non-existent. Japan has no representative, diplomatic or consular, in the country. Towards the end of the year an appeal for the protection by His Majesty's Legation of the interests of a Japanese firm made it appear desirable that the doubtful position in regard to this question should be cleared up, and His Majesty's Minister had under consideration the desirability of raising the point with the Secretary of State.

69. In October a Japanese subject, by name Kamada, described as the Administrative Secretary of the Monopoly Bureau of the Government of Formosa, arrived in Bushire and journeyed thence to Shiraz, Isfahan and Tehran, whence he proceeded to Bagdad. The object of his trip appears to have been the study of the cultivation and preparation of opium in Persia, and he showed interest in the approaching visit of the League of Nations Opium Commission, against whom he is suspected of having carried on a certain amount of open propaganda. He advocated the increase rather than the diminution of opium-growing in Persia.

Germany.

70. Germany's relations with Persia remained cordial throughout the year and her interests almost entirely of a commercial nature.

71. In June a German forestry expert, Herr von dem Hagen, was engaged by the Persian Government for a period of three years. He commenced work in the provinces of Mazanderan and Gilan.

72. The scheme of Captain Schmude for establishing in Azerbaijan a large German agricultural colony, which was referred to in last year's report, came to nothing, as had been anticipated.

73. During the year the German import duty on carpets was very considerably raised. This created much stir in the Persian carpet trade, and representations were made to the German Government, but without result.

74. The Junkers Company continued throughout the year to make great efforts to secure the contract for the air postal service, for which a French company also competed. No agreement had been signed at the end of the year. The matter is more fully dealt with in the section on Concessions (Civil Aviation, paragraph 410).

Belgium.

75. The Belgian Legation continued to be directed by M. Gallet, as Chargé d'Affaires, until the arrival of M. Maurice Cuvelier, the new Minister, who presented his letters of credence on the 8th August.

76. In February His Majesty's Minister was asked by the Foreign Office whether there was any foundation for a rumour that M. Lambert Molitor, the Belgian Director-General of Customs, was to be replaced by a German citizen. The report appears to have been entirely without foundation. The Belgian Administration continued to show efficiency, and its relations with the Government and the American Financial Advisers were good. In June the contracts of eleven out of the twelve Belgian officials employed in the Customs, beside the Director-General, were renewed for a period of three years. M. Molitor's contract had already been renewed the previous year.

77. The contract of the Belgian technical expert in the Ministry of Posts and Telegraphs was not renewed.

Afghanistan.

78. During August a slight disturbance in the relations of Persia with Afghanistan was caused by the Persian demand that the Afghan consul at Meshed

should be recalled, in consequence of his activities in connection with the frontier tribes. This official had been intriguing with the Barbaris (Hazaras), settled on the Persian side of the Afghan frontier, with a view to induce them to migrate to Afghanistan, bribing families by offers of land. This the Persian Government resented, both as an unwarranted interference in domestic affairs and because the eastern command of the army had in mind the resettlement of the Hazaras as a buffer against the Turkomans. The Afghan Government at first gave their consent to the demand, but later withdrew it on the ground that their consul had been suitably reprimanded, and would cease his intrigues. But, the Persian Government insisting, they finally consented to his removal, and, moreover, appear to have moderated or ceased their attempts to seduce the Persian Hazaras.

79. The Persians have had to complain on a few occasions of raiding by Afghans into Persian territory, but, considering the nature of the inhabitants of both sides of the frontier, incidents are either remarkably few or are given little publicity.

80. In the course of several interviews with the Minister for Foreign Affairs, His Majesty's Minister adverted to the common interest of Persia, Afghanistan and Great Britain in connection with the establishment of the Soviet Republics of Turkmenistan and Uzbekistan, and the Persian Minister at Kabul, Itila-ul-Mulk, was accordingly instructed to approach the Afghan Government and His Majesty's Minister at Kabul on the subject. At the end of August Itila-ul-Mulk interviewed Sir Francis Humphrys, discussed the propaganda that the Soviet Government were carrying on in Persia and Afghanistan from the new republics under the guise of commercial penetration, and concurred with him in the necessity of awakening the Afghan Government to a sense of the danger. Following this, he obtained an audience of the Ameer, the Afghan Minister for Foreign Affairs being on the point of resignation. The Ameer seemed quite alive to the significance of the Russian move, and said that, before replying to the notification he had received from Moscow, he had enquired through his representative at Angora as to what reply the Turkish Government were making. Itila-ul-Mulk informed His Majesty that the Persian Government, not believing in the possibility of independence, moral, material or financial, for the new republics, had informed the Government of Moscow that they would hold it responsible for any incidents, and suggested that the Turks would probably regard the matter purely from the pan-Turanian point of view, which had nothing in common with the Islamic outlook of the Ameer, and actually conflicted with Persian interests in Persian Azerbaijan, and that they would be secretly pleased at a possible source of embarrassment to Moscow from which they might derive advantage. The Ameer, while feeling obliged to await the result of his enquiries at Angora, agreed to co-operate with Persia in the framing of his reply to Moscow.

81. Towards the end of November Serdar Abdul Aziz Khan was replaced by Mir Mohammed Hussein Khan as Afghan Minister at Tehran.

Hejaz.

82. The report that Ibn Saud had bombarded the mosque at Medina caused considerable excitement in Persia. The matter was raised in the Majlis, and a commission appointed to advise the Government regarding the course it should follow. Meetings of protest were held in the principal mosques throughout the country, and in some cases assumed an anti-British nature, notably at Kerman and Bundar Abbas, in which places speakers openly attributed the bombardment to British intrigue. The 5th September was decreed as a day of mourning throughout the country, and all Government offices were closed. Instructions were sent to His Majesty's consular officers in the provinces to half-mast their flags on this day. Later in September the Persian Government instructed their consul-general in Damascus to proceed to Medina to investigate the damage done by the alleged bombardment. The result of his investigations has never been published, but it is understood the reports of the damage were greatly exaggerated, and that, in fact, very little damage was done. From the rapidity with which the excitement died down it seems probable that it was, to a large extent, artificially aroused for some political purpose.

Palestine.

83. In February the Persian Minister in Cairo informed His Majesty's High Commissioner for Palestine that the Persian Government had decided to place him in charge of Persian interests in that country. He proposed to pay an early visit to

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Jerusalem. His Majesty's Minister was instructed to inform the Persian Government that while His Majesty's Government had no objection to this arrangement, they considered that as there were no diplomatic representatives of foreign Powers in Palestine, the position of Ali Akbar Khan Bahman in that country should be regularised by his appointment as consul-general at Jerusalem, and that His Majesty's Government should be informed officially of the appointment. This act would constitute formal recognition by Persia of the Palestine Administration. Moreover, the Minister could enjoy no diplomatic privileges in Palestine, but only such treatment as was accorded to other foreign consular officers.

84. The Persian Government thereupon dropped the proposal, and notified His Majesty's Minister that the Persian Legation in London were applying for an exequatur for the Persian consul in Syria, whom they had decided to appoint consul in Palestine as well.

Poland.

85. In March diplomatic intercourse was opened by the appointment of Assad Khan Yamin-i-Khakan as Persian Minister at Warsaw and of M. Stanislas Hempel as Polish Chargé d'Affaires at Tehran, but it was not until later in the year that the representatives took up their respective posts, M. Hempel arriving at the end of June.

86. The immediate cause of this exchange of representatives was a proposal for a commercial treaty and a treaty of friendship, there being no instrument in existence binding the two States. But, though it does not appear that the Polish Government intends to be insistent on the thorny question of Capitulations, no treaty has been signed up to the end of the year.

87. The establishment of direct Perso-Polish relations has been regarded with distinct vexation by the Soviet Government, who doubtless surmised that it was with the object of extending their scrutiny into fields of Russian activity that the Polish Government created this Legation.

Egypt.

88. During the year 1925 the Egyptian Government established a Legation in Persia. In the earlier half of July an Egyptian Minister, Abdul Azim Rashid Pasha, arrived with his staff in Tehran, and presented his letters of credence on the 14th of that month. Direct diplomatic intercourse has not been the prelude to any notable incident in Perso-Egyptian relations.

89. With the establishment of this Legation, His Majesty's Legation ceased to exercise the consular functions hitherto performed for Egyptian subjects in Persia.

Italy.

90. Relations between Persia and Italy remained cordial throughout the year, and were not marked by any outstanding incident.

France.

91. French relations with Persia were marked by no occurrence of outstanding importance.

92. A certain M. Brillouin, a French engineer, who gave himself out as the representative of the Consortium industriel pour l'Orient—a company which it was subsequently discovered was merely contemplated and not formed—visited Persia in September. The scheme of the Consortium was apparently to build a railway line connecting Homs-Palmyra-Deir-es-Zor-Mosul, Rowanduz-Sauj Bulagh-Zenjan-Kazvin-Tehran-Meshed. Reference was made to the possibility of a concession being obtained for the northern oil. M. Brillouin's knowledge of the country over which the projected line was to run appears to have been somewhat sketchy. He admitted that it would be necessary to look outside France for financial backing. His scheme does not appear to have passed the stage of a vague and airy chimera and no more has been heard of it since M. Brillouin's departure from Tehran.

93. Towards the end of the year the main activity of the French Legation was concentrated upon supporting the efforts of a French concern to secure the contract

for the air-mail. This subject is dealt with in the section of this report dealing with Concessions (Civil Aviation, paragraph 412).

94. Dr. Mesnard, selected as director of the Pasteur Institute, came to Persia to take up his post without waiting for his contract to be ratified, in spite of the warnings of his Legation. Ratification in the end was not accorded and he eventually left Persia in disgust. A new director has since been chosen.

95. Some astonishment was caused by the fact that, after the deposition of the Kajars by the Majlis, the French Government at first merely authorised their Minister to carry on with the new Government the relations necessary for the protection of French nationals and their interests, while other Powers accorded provisional recognition. The French fell into line after about a fortnight. It is also interesting to note that when the provisional recognition of the new régime was announced to the Persian Government by the French Minister, M. Bonzori, in making the usual stipulation regarding the continued maintenance of agreements existing between the two countries, mentioned specially the Archaeological Convention of 1900. When Reza Khan became Shah the French Legation were the first to announce their Government's *de jure* recognition of the new polity.

Protection of Foreign Interests.

Austrian.

96. The protection of Austrian interests, which, since the departure of the Austro-Hungarian Legation, had been exercised by the Norwegian consulate-general, was at the beginning of 1925 assumed by His Majesty's Legation. A number of effects received by M. E. Bonati on the liquidation of the Legation in 1920, in his capacity as Norwegian consul-general, were taken over.

97. The abandonment by the new State of Austria of the treaty of 1857 is recorded in paragraph 218.

98. His Majesty's Legation acted as intermediary in the negotiations between M. Bonati and the Austrian Government for the settlement of the former's claim for 123,060 krans advanced at the request of the Austro-Hungarian Legation for the relief of prisoners of war who escaped from Russia during the time when the Legation was cut off by the circumstances of war from its Government, and also for the settlement of M. Bonati's claim for 71,955 krans advanced to Dr. Biach, on the recommendation, as M. Bonati alleged, of the then Austro-Hungarian Minister. But at the end of the year no agreement had been reached in either case.

99. The good offices of His Majesty's consulates at Shiraz, Kerman and Seistan were extended to Herr Leopold Weiss, travelling for the "Frankfurter Zeitung." This person, to whom the expeditions arrangement of facilities was frustrated by his continual and capricious changes of plans and movements, made unfounded accusations against the British authorities, to whom he imputed a political design of keeping him out of Afghanistan. In view of the influence of his paper it was thought advisable to acquaint the German Minister with the facts.

100. Assistance was given to Frau Lisette Serbousek, the consort of a nefarious Dr. Julius Serbousek, whom he had bigamously married and abandoned for the wife of a Swiss citizen, M. Brack. The last-named instituted criminal proceedings against Serbousek, then in Resht, on charges including seduction and the performance of an illegal operation, and the incident clearly showed the difficulty of protecting Europeans not entitled to extra-territorial privileges. His Majesty's vice-consul at Resht had to be instructed to allow the case to be filed before the Karguzar, who used the occasion to pillory European morality. The co-operation of the French Legation, protector of Swiss interests in Persia, was sought, and the Austrian Government was requested to permit the withdrawal of British protection from Dr. Serbousek, and to have him extradited. The former request was granted, but the latter refused. The situation, however, was relieved by the summary departure of the couple from Resht.

101. An unsuccessful attempt was made to secure the payment by the Persian Government of a pension to Adolf Rabas, a former employee of the Persian Legation in Vienna.

Swedish.

102. Swedish political interests remained under French diplomatic protection and the representative of the Anglo-Persian Oil Company remained Swedish consul-

general in Tehran. The dispute between the Svenska Iran and Persaznaft, mentioned in paragraph 88 of the annual report for 1924, involved His Majesty's vice-consul at Resht in a somewhat unpleasant situation. Persaznaft, to whom the Svenska Iran had leased their property two years previously, refused, on the expiration of the lease at the end of 1924, to recognise the proprietary right of the lessors, attempted to evict M. Mashuroff, the Swedish firm's agent, and, failing, imprisoned him in his office. M. Mashuroff succeeded in sending a letter to Mr. Davis, who, in attempting to reply, was refused admittance. The dispute was eventually solved by M. Delin, a vice-consul specially sent by the Swedish Government to Resht. What, however, probably produced most effect was a description given privately by His Majesty's Minister to Reza Khan, then Prime Minister, of the high-handed action being taken by the Russians on Persian territory, to the serious detriment of the authority of the Persian Government in their own territory. Reza Khan had no idea what was going on, and took immediate steps to have the matter investigated and the Persian authority asserted.

103. The Svenska Iran having interests also in Meshed, these were, at the request of M. Bonzon, placed under the protection of His Majesty's consulate-general at Meshed.

Norwegian.

104. On the death of Mr. Matthews, Norwegian consul-general in Tehran, in February, the Norwegian consulate-general was taken over by His Majesty's Legation until the appointment of a new consul-general in October in the person of Mr. W. J. Cooper, Tehran superintendent of the Indo-European Telegraph Company.

Czechoslovak.

105. During the year a not inconsiderable portion of the attention of His Majesty's vice-consul at Tehran was occupied by Czechoslovak citizens, mostly indigent, upon matters of debt and repatriation, a task not simplified by the absence in their case of extra-territorial rights.

106. The most considerable case was that of M. Brozik and Mme. Tatranska. Her husband having been murdered in Palestine, the latter made her way, for obscure reasons, to Tehran, accompanied by the former, and soon fell into financial difficulties. She applied to His Majesty's Legation for the recovery of large sums from the Government of Palestine as compensation, and, when it was communicated to her that this Government had already paid to her all the compensation it considered to be due to her, she and M. Brozik spread reports of an anti-British nature. The Czechoslovak Government, who had previously offered Mme. Tatranska a repatriation at Beirut of which she had not taken advantage, at first refused to consider the matter further, but, on representation being made that His Majesty's Government might, unless these objectionable persons could be removed, have to consider the withdrawal of their protection of Czechoslovak interests in Persia, the repatriation of the woman was authorised. After numerous difficulties created by the pair, the woman refusing to leave without the man, whom she claimed to be married to her, and after objectionable behaviour towards the Persian authorities had rendered immediate removal desirable, both persons were despatched to the nearest Czechoslovak representative and the cost submitted to His Majesty's Government for recovery from the Czechoslovak Government.

107. An emergency certificate was issued by His Majesty's Legation to M. Felix Bartelmus for a journey to Italy. An individual purporting to be the above presented himself at His Majesty's Residency, Bagdad, stating that he had been robbed of all his papers near the Persian frontier. Subsequent investigation proved this person to be Paul Kurt Schubert, a German adventurer wanted by the Persian police, who was eventually arrested in Beirut.

Lithuanian, Estonian and Roumanian.

108. A Lithuanian passport was procured through His Majesty's Legation for Teofilas Berniunas, an Estonian passport for O. Wiedemann, and an Estonian passport renewal for R. K. Niewert; acting upon authority obtained from the Roumanian Government, His Majesty's consul at Tabriz issued a temporary *laissez-passer* to A. Born, a Roumanian subject not in possession of a passport.

Dutch.

109. The American Legation was in charge of Dutch interests. On the closing of the American consulate at Bushire in September, the effects of the former Dutch consulate were taken over by His Majesty's Resident and consul-general at Bushire.

110. A rumour of the revival of the Dutch Legation, closed since 1913, came to no more than a visit to Persia of an Envoy Extraordinary and Minister Plenipotentiary, Maitre A. van de Sande Bakhuyzen.

Persia and the League of Nations.

General.

111. It cannot be said that the Persian Government or public have as yet attained to any very accurate appreciation of the influence and purposes of the League of Nations. They still incline to regard it as an institution devised by the Great Powers for their own interests, nor are their misapprehensions in this respect decreased by the reports which they receive from Prince Arfa, their representative at Geneva, who seems to carry as little weight at Tehran as he does with the members of the League Council. Such tendencies, moreover, as were developing towards a more enlightened understanding of League methods, received during the year a severe check owing to the unfortunate development of Persia's case at the Arms Traffic Conference.

Arms Traffic Conference.

112. In anticipation of the approaching conference the Secretary of State instructed His Majesty's Minister in April to inform the Persian Government that His Majesty's Government were prepared to support at Geneva Persia's desire to be excluded from the prohibited zones contemplated by the proposed convention, provided the latter would take proper steps to prevent the through traffic in arms from Russia to the countries bordering on India. It was added that His Majesty's Government would continue actively to assist Persia in controlling the arms traffic in the Persian Gulf. The Persian Government replied to this intimation by expressing gratification for the promise of British support and by promising to enact a law regarding the through traffic from Russia which would give full satisfaction to the wishes of His Majesty's Government. No reference was, however, made in the Persian reply to the intimation conveyed to them regarding the continuance of the *status quo* in the Gulf, and it became apparent from the moment that the conference came to tackle the chapter on the prohibited zones that a serious misconception, whether deliberate or no, existed in the minds of the Persian delegation. Not only did they claim that the Persian Gulf should be excluded from the maritime zones, even as Persian territory had been excluded from the prohibited land zones, but they refused to sign the convention unless their desires were granted. The representations made to them by the delegates of certain disinterested Powers were as unavailing as the strong pressure exercised on the Persian Government by His Majesty's Minister. The latter's task was complicated by the fact that, in the absence of the Prime Minister from the capital, the Cabinet did not dare to send explicit instructions, as well as by the circumstance that the orders received by Prince Arfa from the Persian Foreign Office in many cases conflicted with the more intransigent directions received by his colleague Habibullah Khan from the War Office. In the end, the Persian delegation withdrew from the conference on the 15th June, and, two days later, the convention was signed without them. When once the conference was dispersed, the Persian Government came to realise that by refusing to become a party to the convention they had lost their right, under article 24, to exercise surveillance in the maritime zones, and thereby in the Gulf itself. They endeavoured, therefore, to repair the situation in which they had been placed by their own obduracy; and towards the end of July they approached His Majesty's Minister with the suggestion that they might adhere to the convention if they could obtain satisfaction on three points, namely: (1) That the discrimination implied in article 20 against native vessels of under 500 tons should be abandoned, and that the principle of the equality of flags of all nations should be adopted; (2) that Persian territorial waters should be excluded from the maritime zone of the Gulf; and (3) that suspected craft should be conducted to the Persian port of

destination. The reply to these enquiries reached His Majesty's Minister in September. The Secretary of State then informed him that point (1) could only be met by a new amending convention and would in any case not be accepted by other signatory Powers; that as regards point (2) it was certainly intended that Persian territorial waters should be included in the maritime zone, but that under article 19 of the convention it had been provided that surveillance in such waters could not, unless there existed any special agreement to the contrary, be exercised by any Power other than that to which the territorial waters appertained. In the case of Persia, of course, such a special agreement did in fact exist in the shape of the Hardinge Agreement of 1897. And thirdly, that it was physically and geographically impossible to undertake to convey suspected craft to the Persian port of destination, although it might be possible to instruct His Majesty's ships to conduct such vessels to the nearest Persian port, not necessarily that of destination. These instructions concluded with an intimation that, unless the Persian Government repented of their action and adhered to the convention, such prejudice would be created that Persia might find herself, when, in three years, the convention came up for revision, replaced in the prohibited land zone as contemplated in the Convention of Saint-Germain. Sir Percy Loraine, anticipating that this communication would prove highly unpalatable to the Persian Government, requested and obtained authority to postpone its delivery until after the settlement of the Persian dynastic crisis. The communication had not, therefore, been delivered by the end of the year.

III.—INTERNAL AFFAIRS.

Financial.

American Advisers.

113. The crisis which arose in 1924 between the United States Financial Mission and the Persian Government, the details of which were furnished in the report for that year, appears to have produced a wholly salutary effect. It cannot of course be said that the strict financial discipline enforced by Dr. Millspaugh and his associates, coupled with the very direct manner which the Administrator-General adopts in his relations with Persian Ministers, have rendered the mission universally beloved. Signs have not been wanting during the past year that the rulers of Persia are becoming somewhat restless under the yoke of Dr. Millspaugh's efficiency, and are looking back a little wistfully to the days when accountancy did not loom so large in Persian administration, and when a more elastic and less rigid interpretation was given to departmental responsibility. The suspicion that Dr. Millspaugh is working to give American capital a preponderating voice in the future economic development of Persia has caused some uneasiness to certain Persian Ministers, and led them, tentatively and with all discretion, to seek sympathy, if not support, from His Majesty's Minister; and in one notable connection, namely, that of the Caspian fisheries, it was plainly intimated to the Administrator-General that his advice in matters not falling directly within the scope of his contract was not desired. Apart, however, from this subterranean trickle of resentment, the relations between the Persian Government and their advisers have, on the surface at least, been amicable enough. Such criticism as was voiced centred not so much upon Dr. Millspaugh's administration of Persian finance, as on the lack of foresight shown by the mission in general and by Colonel MacCormack in particular in their handling of the alimentation crisis which arose from the failure of the Persian harvest. Opposition, less ostensible because less justified, has also been aroused by the constant endeavour of Dr. Millspaugh to secure possession and administration of certain departmental revenues; he has already taken over the administration of the revenues of the Department of Public Works, which, as a result, showed an increase in the space of five months of not less than 101 per cent. He makes no secret of his desire similarly to tackle the accountancy of the Posts and Telegraph Department, and, most invidious problem of all, that of the Ministry of War. He has also taken a strong line regarding the tendency of certain Ministries to make payments without his knowledge or consent, and he has exposed to public criticism those departments who have been dilatory in furnishing their accounts. Such exactitude and such reproaches have doubtless antagonised many delinquents, but the obvious integrity of Dr. Millspaugh, and his hard-headed devotion to the task which he has been assigned, have created an atmosphere of esteem, almost of awe, which, for his own purposes, is perhaps more profitable than that of mere affection.

114. The contract under which the American mission had originally been engaged was denunciable by either party on the expiration of three years. This period was reached in the early autumn of 1925 and formed the occasion for an exchange of open letters between Dr. Millspaugh and the Persian Government whereby, with mutual expressions of regard and satisfaction, his services were offered and accepted for the further two years specified in the contract. Certain of his associates, however, profited by this denunciation clause to terminate their contracts during the months of August and September, their successors being personally selected by Dr. Millspaugh during his summer holiday in the United States. Certain additional members were also chosen by the Administrator-General under the authority given him by the decision of the Majlis of the 19th May—and the reconstituted mission will now number sixteen persons.

115. The relations between His Majesty's Legation and the Financial Mission have, in all personal matters, been uniformly agreeable. The inclination of Dr. Millspaugh and certain of his associates to mistrust the policy of His Majesty's Government in Persia is, there is reason to hope, slowly disappearing in face of the many proofs of disinterestedness and goodwill which the Legation have shown him. This improved realisation of our intentions has of late been reinforced by the egoistic and minatory attitude adopted by Russia, and by the contrast between the ready assistance furnished during the famine crisis by Irak and India and the evident desire of the Soviet Government to profit by Persia's difficulties for the furtherance of their own policy of disintegration. It is to be hoped that the less prejudiced conception of British policy induced in Dr. Millspaugh by these practical illustrations and contrasts will render him less anxious in future to exclude British capital from all economic or industrial enterprise in Persia. And it may be noted as a favourable symptom that in his thirteenth quarterly report he has gone out of his way generously to correct some misstatements regarding the Anglo-Persian Oil Company which he had included in his recent book on Persia.

Persia's Debt to His Majesty's Government.

116. As recorded in the annual report for 1924, His Majesty's Minister while on leave had obtained the consent of His Majesty's Government to a scheme for compounding the debts owing to them by Persia. Under this scheme the total debt of £4,549,200 was to be written down to a figure of £2 million, to be repaid in twenty-five years by an annuity of £180,000 representing 7 per cent. interest and 2 per cent. sinking fund. A condition of this settlement was the assignment as security of either the oil royalties or the southern customs.

117. On the return of Reza Khan from the provinces, Sir Percy Loraine proceeded to put this proposal before the Persian Government. It had been decided that before disclosing the nature of the offer the consent of the Persian Government should first be obtained in principle to the allocation of the desired security. Sir Percy Loraine accordingly, on the 5th February, 1925, wrote direct to Reza Khan requesting that either the southern customs or the oil royalties should be so assigned. The Prime Minister, in his reply of the 3rd March, pointed out that the Government could not pledge such security without the consent of the Majlis, and that the latter would in any case not be obtained unless the full amount of the charge for which the security was required were first disclosed. His Majesty's Government, although not fully convinced by this argument, none the less authorised His Majesty's Minister to modify the procedure previously prescribed and to place the whole scheme formally before the Persian Government. Sir Percy Loraine therefore addressed a detailed note to the Prime Minister on the 11th April.

118. His Majesty's Minister had meanwhile taken the precaution of sounding Dr. Millspaugh in the matter, and had to some extent been able to overcome the latter's instinctive prejudice against the assignment of Persian security to any purposes other than a New York loan. The Administrator-General, on learning the terms of the British offer, advised the Persian Government that it was both just and generous, but he showed signs of wishing to attach to its acceptance the conditions that His Majesty's Government would claim only a secondary lien on the security, leaving a prior lien open for a bankers' loan, and that they would pledge themselves to accept a revision of the customs tariff and the payment of Persian taxation by British nationals.

119. In the months that followed no reply was received from the Persian Government to the formal offer made to them in the note of the 11th April. The internal crisis was rapidly developing, and Sir Percy Loraine, with the approval of

the Secretary of State, considered it desirable not to press the Persian Government unduly so long as they were in the throes of a dynastic revolution. It was thus only on the 29th December that he felt justified in reviving the question, and in a note of that date the Persian Government were formally requested no longer to defer an answer, which, in view of their internal embarrassments, Sir Percy Loraine had awaited with such patience, and such restraint.

Financial Position of Persian Government.

120. In his report for the financial year ending in March 1925, Dr. Mills-paugh allowed himself the dangerous luxury of a retrospect and prospect of the work of financial reform undertaken by the mission over which he presides. Until March 1924, he wrote, the activities of his mission had necessarily been devoted to taking stock of the situation; the financial year from 1924 to 1925 had been devoted to the drafting of constructive legislation; it would only be during the course of 1925 that the labours of the mission would bear fruit. That this optimistic forecast has not wholly been fulfilled is, it must be admitted, due to circumstances wholly beyond the control of Dr. Mills-paugh. In the first place, the Majlis have abstained from voting such taxes as the income and guild tax, the sales tax, and the stamp tax, which had been devised to produce an estimated revenue of some 30 million kran. The amended rent tax, with estimated revenue of 6 million kran, was, it is true, passed in January, and the law amending the tobacco tax was voted in March; but these incomings will, for a period at least, be offset by the loss of the road tolls, which are to be replaced under a law submitted in the winter of 1925 (and actually passed on the 8th February, 1926) by a road tax to be collected at the frontier on gross weight of imports and exports. In the second place, a slight decline in receipts, a more marked increase in expenditure were caused by the internal crisis of the late summer, and the credits necessitated by the Constituent Assembly and the change of régime. And in the third place the whole budget was thrown out of gear by the very serious situation caused by the wheat shortage and the requirements of the Alimentation Department.

121. In spite of these difficulties it is confidently expected that the financial year of 1304 (the 21st March, 1925–the 20th March, 1926) will, if exception be made of the debt contracted to meet the famine crisis, close, if not with a surplus of revenue over expenditure, at least without a deficit. The Anglo-Persian oil royalties show a steady upward curve. Obligations on account of public debt have, during the past twelve months, been promptly met. The revenues actually collected have exceeded those of the corresponding quarter in any previous year. And the two main trust funds, those of the Civil Service Pension Retirement Fund and of the newly-established monopoly on tea and sugar, have increased to 8 million kran and 20 million kran respectively. The following table will show that Dr. Mills-paugh has good cause to regard his labours with satisfaction:—

1301 (March 1922–March 1923)–			
			Krans.
Revenue encashed	...	...	228,714,299
Expenditure	...	...	255,077,911
Deficit	...	...	26,363,612
1302 (March 1923–March 1924)–			
Revenue encashed	...	...	231,118,597
Expenditure	...	...	240,037,808
Deficit	...	...	8,919,211
1303 (March 1924–March 1925)–			
Revenue encashed	...	...	237,499,048
Expenditure	...	...	234,988,177
Surplus	...	...	2,510,871
1304 (March 1925–March 1926)–			
Estimated revenue	...	...	245,591,070
Estimated expenditure	...	...	245,591,070
			Balanced.
1305 (March 1926–March 1927)–			
Estimated revenue	...	...	261,764,000
Estimated expenditure	...	...	Not yet estimated.

122. The more detailed budget estimate for the year 1304 (March 1925–March 1926) was as follows:—

Revenue—			
All sources	...	...	Krans.
Of which—	...	...	245,591,070
Direct taxation	...	...	34,800,000
Indirect—	...	...	
Opium	...	...	15,000,000
Tobacco	...	...	11,000,000
Other indirect	...	...	12,500,000
Customs	...	...	91,000,000
Expenditure	...	...	245,591,070
Of which—	...	...	
Ministry of War	...	...	94,000,000
Ministry of Finance	...	...	30,700,000
Ministry of Interior	...	...	15,570,000
Ministry of Posts	...	...	16,200,000
Ministry of Education	...	...	7,570,730
Public debt	...	...	20,891,890

123. Accurate figures of revenue encashed during the whole financial year are not yet available. The returns for the first three quarters (March–December 1925) would not, however, seem wholly to justify the estimate made. The figures are as follows:—

	Revenue.	Expenditure.
	Krans.	Krans.
First quarter	55,563,017	67,399,812
Second quarter	55,146,017	40,993,151
Third quarter	56,831,367	56,169,480

124. Although, moreover, an exactly balanced budget was provided for, yet supplementary estimates had by the end of June been presented to the aggregate of 22,215,847 kran, and the debt incurred on behalf of the Alimentation Department will still further embarrass the budget of this and of the next three years. Moreover, the customs receipts for the year ended the 20th March, 1926, show a slight reduction as follows:—

	Krans.	Krans.
Southern customs	...	31,840,000
Kermanshah	...	
Duzdap	16,570,000	
Resht	8,100,000	
Tabriz	6,750,000	
Meshed	6,350,000	
Barferush	4,100,000	
	9,800,000	
		51,670,000
		83,510,000*
	At 45 =	£1,855,777

125. The royalties from the Anglo-Persian Oil Company have shown a very substantial increase, i.e.:—

Financial year—			
1912–13	...	...	£ st.
1920–21	...	...	2,908
1921–22	...	...	585,289
1922–23	...	...	583,961
1923–24	...	...	466,231
1924–25	...	...	328,523
1925–26 (estimated)	...	...	728,778
			595,238

* Last year 91,000,000 kran, reduction of over 8 per cent.

126. In addition to this, the Persian Exchequer benefited during the year from the following windfalls due to the adjustment of the accounts of the Anglo-Persian Oil Company:—

- £47,510 odd, representing balance of royalties due for 1922.
- *£18,443, representing a refund of taxes paid to His Majesty's Government on 20,000 shares.
- £99,029 on account of royalties for 1923.

A further accretion of wealth is represented by the trust fund established by the law of the 30th May, 1925, for a monopoly on sugar and tea. The proceeds of this fund, which are to accumulate in trust, will be devoted exclusively to railway construction, and the Majlis are determined to secure that it will not be drawn on for other purposes. The proceeds of this monopoly were estimated to be 25 million krans for the first year, and an annual 45 million thereafter; the amount actually collected during the eight months May–December 1925 totals 21,484,053 krans.

Famine Crisis.

127. The severest blow that the American mission have been dealt since they assumed responsibility for Persia's finances is undoubtedly the unexpected call made upon their carefully-nurtured revenues by the necessity of coping with the failure of the 1925 harvest. A shortage was foreseen as early as February, when the continued dryness of the winter warned those who knew the climatic and agricultural conditions of Persia that the spring sowings would suffer from the lack of snow. The American mission persisted in maintaining that the Government possessed reserves capable of coping with any shortage, and they maintained their attitude of diminishing optimism until the actual failure of the harvest at length convinced them that radical measures must be taken if an actual famine were to be averted. It was not, however, till September that the magnitude of the disaster was apprehended in its proper proportions. It was then realised that the cereal supply of the capital totalled, when reduction had been made for seed, only 1,000 kharvars† to meet a normal consumption of 80,000 kharvars; that in the provinces Kum and Kashan would require 6,000 kharvars more than usual; Kazvin, 10,000 kharvars; Semnan, 4,000 kharvars; and Hamadan, where speculation was rife, 10,000 kharvars. It was not surprising that, on being faced with the menace of a famine more deadly than that of 1918, Colonel MacCormack, the American Director of Internal Revenue and Alimentation, should have resorted to measures which have since been criticised as wasteful and ill-considered. On the 28th October he entered into an agreement with the Soviet Government for the sale of 39,750 kharvars, of which amount only some 35 per cent. had by the 31st December been received. A reserve of 13,000 kharvars, which had been purchased in India and kept on deposit at Karachi, had, therefore, to be rushed to the capital, and the problem thereafter transformed itself into one of transport. It was found that for the carriage of such quantities transport was required averaging six times more than the normal resources of Persia, and that the call on existing transport had increased by 400 per cent. Upwards of 250 motor lorries and trailers had to be purchased from Europe at a cost of some 450,000 tomans and a staff of drivers and mechanics to be engaged at a high rate of payment. The total direct cost to the Exchequer resulting from the policy of the Alimentation Department was some 18,002,000 krans gross and 14,716,000 krans net. The indirect losses, due to diversion of transport from normal commerce, as well as losses in kind-revenue, have not as yet been estimated. These expenses have not been carried in the ordinary budget, but met by advances from the Imperial Bank of Persia, the liquidation of which is to be spread over three, if not four, financial years.

128. The political results of the situation were not inconsiderable. The reaction on internal politics, due to the action of the Government in keeping bread prices down to 2.60 krans per batman, was less important than had been apprehended. The failure of the Soviet Government to implement their much-advertised promises, contrasting with the extreme helpfulness of the British authorities in India and Irak, have, on the other hand, produced a distinct impression and done much to assist in the re-establishment of our popularity and prestige.

* Figure taken from Dr. Millspaugh's twelfth quarterly report.
† Three kharvars = one short ton.

Public Debt.

129. The debt of the Persian Government as at the 20th March, 1926, inclusive of claims in dispute, is approximately as follows:—

Floating debt (26,525,000 krans at 45)	£	589,444
(a.) Indian Loan	£	56,300
(b.) Persian Government 5 per Cent. Loan, 1911	1,161,207	1,217,507
(c.) Seven British Government advances	490,000	2,296,951

Instalments on account capital and interest have been paid on (a) and (b) and interest only on (c).

The amount borrowed during the year ended March 20, 1926, is 22,500,000 krans at 45	£	500,000
The amount refunded during the same period is	656,000	
And 18,250,000 krans at 45	405,555	
Showing a reduction in floating debt of	1,561,555	560,000

The latest available statement of the exact position of loans and advances due by the Persian Government is that of the 22nd September last, and is represented by the following table:—

STATEMENT showing Situation of Loans and Advances due by the Persian Government as on September 22, 1925.

Account.	Date.	Original Amount.	Rate of Interest.	Installments.	Situation as on 8.6.25.	Capital paid off, 8.6 to 22.9.25.	Interest paid during Period 8.6 to 22.9.25.	Capital Amount still Due on 22.9.25.	Security.
1. Funded Debt.									
* I.B.P. Loan (Shil)	1910	£ 314,281 16 4	Per cent.	Yearly.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	South Customs (a). (b).
I.B.P. Loan	1911	1,250,000 0 0	7	29,606 2 0	76,036 8 2	6,498 11 11	902 18 7	69,537 16 3	"
British Government Advance	1912	140,000 0 0	5	68,750 0 0	1,176,235 19 4	2,424 0 0	14,763 10 0	1,173,811 19 4	"
"	1913	200,000 0 0	7	"	140,000 0 0	"	2,450 0 0	140,000 0 0	"
Fars	1913	100,000 0 0	7	"	200,000 0 0	"	3,500 0 0	200,000 0 0	"
Kerman	1914	50,000 0 0	7	"	100,000 0 0	"	1,750 0 0	100,000 0 0	"
					50,000 0 0	"	875 0 0	50,000 0 0	"
2. Floating Debt.									
I.B.P. Advance	1925	Krans. 3,200,000	7	Monthly.	Krans.	Krans.	"	Krans.	Anglo-Persian Oil Co.
"	1925	15,000,000	9	1,000,000	12,000,000	3,000,000	"	9,000,000	"
"	1923	£ 770,404 6 5	7	"	£ 405,533 3 6	"	"	£ 405,533 3 6	"
"	1924	200,000 0 0	7	"	200,000 0 0	"	"	200,000 0 0	"
Total sterling		"	"	"	2,347,805 11 0	8,922 11 11	24,241 8 7	2,338,882 19 1	"
Total kran.		"	"	"	15,200,000	3,000,000	"	12,200,000	"

REMARKS.

* Imperial Bank of Persia.

(a.) Expires March 8, 1928.

(b.) Expires 1965.

(c.) Interest due and payable, £14,504 19s. 10d.

(d.) Interest due and payable, £11,694 13s. 0d.

Currency and Exchange.

130. The period of acceptance of defective coinage at par expired at the end of January, when the total of damaged or underweight coins withdrawn from circulation totalled 42 million kran. Coins are still being accepted at a 10 per cent. discount, and the mint has not proved adequate to cope with the shortness of money thereby occasioned. Plans are being considered for the enlargement of the existing mint, and meanwhile 3 million silver tomans are to be minted at Leningrad, and arrangements are contemplated for the coining of a further quantity in England. An unforeseen complication has, moreover, been introduced by the change of dynasty, and pending the receipt from Belgium of the new matrices bearing the image of Reza Shah, coins have been issued with the simple inscription "Currency of the Realm of Persia." Silver coins to the value of 39,277,500 kran were struck during the year, and a small portion of gold coins were also minted.

131. The exchange rates during the year were as follows (normal rate, 55 kran to the £):—

Approximate average rates (selling) for 1925:—

January	...	...	...	41.55
February	...	...	...	41.87
March	...	...	...	42.00
April	...	...	...	42.50
May	...	...	...	42.50
June	...	...	...	42.15
July	...	...	...	42.22
August	...	...	...	42.78
September	...	...	...	43.00
October	...	...	...	42.56
November	...	...	...	42.94
December	...	...	...	44.00
Average rate for 1925	...	...	...	42.50

Bank-i-Iran.

132. The dispute between the Imperial Bank of Persia and the Persian Government regarding the right of the latter to allow a rival bank to style itself the Bank-i-Iran has remained dormant during the year, nor, owing to the embarrassed position of the latter bank, has the British house suffered, apart from certain inconveniences due to wrong delivery of correspondence, from the title assumed by its potential competitor. On the 29th March all assets and liabilities of the Bank-i-Iran were placed under the administration of the Ministry of Finance, and it is to be expected that, under the more able management of the American experts, the bank may recover its stability and thereafter extend its present very limited scope of activity. The balance sheet, at the time of taking over, was as follows:—

	Krans.	Roubles.
Assets	53,565,828	1,507,698
Liabilities	10,133,226	3,043,413

It is presumed, however, that a large proportion of the alleged assets represent bad debts which will sooner or later have to be written off.

Internal Politics.

Sheikh of Mohammerah.

133. The year 1924 had closed with the settlement of the Khuzestan rebellion, effected on general lines between the Persian Prime Minister, Reza Khan, the Sheikh of Mohammerah, and His Majesty's Minister at Ahwaz in December (see annual report for 1924, paragraphs 111, 112 and 123). The upshot of this settlement was that the sheikh received a free pardon for his contumacious acts, a personal assurance of Reza Khan's protection, and the establishment, allegedly as a temporary measure, of a military Government in Khuzestan, which province was thereby brought under the direct control of the Tehran Government. The main objects of British intervention in the matter had been to avert hostilities which would have most seriously endangered the safety of the oil-fields and of the British subjects employed there, to avoid being involved in any undesirable commitments or quarrel with the Persian Government, more especially at a moment when serious difficulties had

occurred in Egypt as a sequel to the murder of Sir Lee Stack, and to reconcile so far as possible the discharge of His Majesty's Government's special obligations to the sheikh with their general obligations and policy of friendly encouragement towards the Persian Government. The policy adopted with a view to secure the last-named object may be defined as an endeavour to secure from the Persian Government a charter for the sheikh, guaranteeing his main interests and personal tranquillity, which would act as a substitute for, and might even permit the withdrawal or lapse of, the former British undertakings to the sheikh. A further principle underlying British policy in these extremely difficult circumstances, put forward by Sir Percy Loraine and cordially approved by the Secretary of State, was to draw not only the Sheikh of Mohammerah, but also all the great tribal chieftains in the south and south-west of Persia with whom His Majesty's Government had long-standing friendship and conspicuous influence, such as the Vali of Pusht-i-Kuh, the Bakhtiari khans, Kawam-ul-Mulk of the Khamseh tribes in Fars, &c., into close amity with and support of the Central Government under Reza Khan, so that the latter should feel the south solid behind them, and thus have their hands free to meet any dangers which might menace them from the north, the probability of such danger being in direct ratio to the consolidation at home of the Soviet power and to the intensification of the Soviets' efforts, thereby rendered more possible, to reduce the northern provinces to a state of economic, and the Tehran Government thereby to a state of political, dependence. The ruling of the Secretary of State in this connection should be placed on record:—

"I share your view that the policy of His Majesty's Government in Persia should be to discourage separatist movements likely to weaken the central authority of the Persian Government, and am of opinion that the policy outlined in your despatch, of rallying the tribal chieftains of South Persia to the support of the Persian Government, is best calculated to improve the relations of His Majesty's Government with that Government. The chieftains themselves will thus be led to realise that their traditional friendship with His Majesty's Government is fully compatible with their duty as loyal Persian subjects." (Secretary of State to His Majesty's Minister, despatch No. 67 of the 17th February, 1925.)

134. The year 1925 was largely spent by His Majesty's Minister in endeavouring to work out and render fruitful this line of policy. As will be seen however, its course did not run too smoothly; but though achievement has lagged behind, and many difficulties still lie ahead, there are no serious grounds for despairing of eventual success on essential points, nor any for supposing that the policy is not in itself a sound one.

135. The particular questions left over from the Ahwaz settlement concerned (a) the sheikh's official position, (b) his tribal position, (c) his personal interests, viz., properties and taxation. As regards (a) after Ahwaz, Reza Khan had posted a military governor and a body of troops at Ahwaz, and deputy Governors at Mohammerah and Abadan. He had announced his intention of withdrawing the Military Governors and the main body of troops in the spring, by which time it was anticipated that affairs would have settled down, and it was implied that in that event the sheikh would regain an official position and be entrusted with a regular governorship. As regard (b), the sheikh's authority over the Arab tribes was obviously weakened by military infiltration into all administrative affairs. As regards (c), the sheikh looked forward to being confirmed in the ownership of his properties, in which case, and if His Majesty's Government did not prevail on the Persian Government to restore something akin to the political *status quo ante*, he would content himself with the position of a big landed proprietor, free from administrative responsibility.

136. His Majesty's Government were most anxious that Reza Khan's assurances should be speedily and completely fulfilled, and urged His Majesty's Minister to undertake negotiations for that purpose without delay. When, however, the Prime Minister and Sir Percy Loraine had both returned to Tehran, and the latter had had time to study the situation there, he felt obliged to recommend an attitude of watchful inaction. He formed the impression that if Reza Khan fulfilled his promises, at all events forthwith, he would be going considerably further in the direction of conciliation and leniency than public opinion, both in and outside the Majlis, would permit him to do. The excitement and resentment aroused in Tehran against the sheikh by the Khuzestan rebellion had by no means subsided, and it seemed best to let it die down rather than reawaken it by too much insistence. The policy advocated there-

fore was to pursue quietly with Reza Khan the matter of the confirmation of the sheikh's firmans, towards which the Prime Minister seemed not unfavourably disposed, and to wait and see what happened in the spring; in other respects for the Minister to do all he could to promote a direct agreement between the sheikh and the powerful Prime Minister.

137. The course of events did not prove favourable to the objects which His Majesty's Government had in view, either in Tehran or in Khuzestan; it is, however, practically certain that a more insistent British attitude as regards the sheikh's affairs would have rendered the position even more complicated and hazardous than it was. In the capital the friction between Reza Khan and the Kajars was once more coming to a head, and, as will have been seen from the general review of the year, the shadow of this vital internal issue hung darkly over every other question until the dethronement of the Kajars and the accession of Reza Khan as Shah of Persia at the close of the year. In Khuzestan the military were rapidly tightening their hold on the province, with the natural result that the sheikh's position became daily weaker and more irksome. His Majesty's consul at Ahwaz pointed this out forcibly and evidently hoped that the Legation would be able to take effective steps to have the situation cleared up and the sheikh's position definitely regulated. This was more easily said than done; the Minister was in fact on the horns of a dilemma; if he reproached Reza Khan with failure to fulfil his promises, the latter might well reply that the measures of which complaint was made were actually devised to protect the sheikh's interests. It would have been difficult to disprove such an assertion for, once the sheikh's authority had been weakened, it was more than likely that some of the Arab tribes and certain individuals who had old scores against him might try to pay them off.

138. Besides and apart from the effect of the new régime in Khuzestan on the sheikh, there was also to be taken into consideration the effect on the interests of the Anglo-Persian Oil Company, which was of course a direct reaction on British interests. Here the picture was much more agreeable. In spite of a few cases of high-handed behaviour on the part of youthful and inexperienced officers, which moreover were dealt with at once by the military authorities, the company found its relations with the military régime quite satisfactory, and its operations were continued in absolute tranquillity. This showed at all events that Reza Khan was keeping one part of his bargain, which was to permit no interference with the exploitation of the oil-fields and to assure their protection. It was obvious that His Majesty's Minister could not neglect this important aspect of the situation when considering the best attitude to adopt in Tehran. There existed one other cogent reason for acting with extreme caution at Tehran. It transpired that some of the properties which the sheikh was enjoying, beyond those which he claimed under his firmans, had been acquired by questionable means. Had the Minister therefore demanded the confirmation of the sheikh's title to all the properties of which he was in possession, he would have been pledging His Majesty's Government to support some very doubtful titles and have exposed them to the accusation of backing the sheikh in the perpetuation of fraudulent dealings and of supporting "feudalism."

139. During March, as it afterwards became known, Reza Khan was endeavouring to persuade the sheikh to come to Tehran. This measure was consistent with what he had said at Ahwaz, but at that time he had refrained from pressing the point. Reza Khan may have had ulterior reasons for wishing to have the sheikh come to the capital; but the reason which he gave to the Legation certainly had much to be said for it, viz., that such a visit offered the best if not the only chance of finally settling the question of the firmans and the properties, which he had promised the sheikh to do. The sheikh did not respond to these overtures; on the other hand he told Reza Khan that he wished to divide up his properties among his sons and to receive permission to travel abroad for the sake of his health. It so happened that towards the end of March, Captain Peel was vacating the Ahwaz consulate and that Mr. Monypenny was sent to replace him. Before Mr. Monypenny left Tehran he was received by Reza Khan who requested him to convey a personal message to the sheikh, the purport of which was to assure the sheikh that His Highness genuinely wished to regularise and legalise through the Majlis the sheikh's position as regards his properties and that this could be done if the sheikh were in Tehran. The whole tone of this message was benevolent and friendly. On the 1st April the Prime Minister mentioned the Sheikh's obduracy to Sir Percy Loraine and asked whether the latter was willing to use his influence with the sheikh to induce him to come to Tehran for the purpose above mentioned. The Minister at once agreed to do so,

and telegraphed on the 14th April to the sheikh a most pressing recommendation to accept Reza Khan's invitation, having ascertained meanwhile from Mr. Monypenny that the sheikh was still reluctant, even after receiving His Highness's personal message, to do as requested.

140. On the 20th April and during Sir Percy Loraine's absence from Tehran on a visit to Shiraz, Mr. Monypenny telegraphed that the sheikh and his eldest son had been arrested on the night of the 19th-20th April, and taken by car to Ahwaz. It transpired that on the morning of the 19th April, Mr. Monypenny had delivered the Minister's message, but that the sheikh had definitely refused to come to Tehran—though he was willing to send a representative—and had reiterated his request for permission to go abroad. The sheikh committed a grave blunder by rejecting the Minister's very categorical advice, and a most serious situation once again arose in his regard. Sir Percy Loraine returned from Shiraz on the 29th April and took the earliest opportunity of seeing Reza Khan, who had meanwhile informed the Legation that he was quite willing to listen to any reproaches from the Minister, but felt sure of his ability to explain the circumstances to the Minister's satisfaction. In view of this Sir Percy Loraine told the Prime Minister he would keep an open mind, pending His Highness's explanations, but he wished to say at once that this arrest had amazed him and caused him great uneasiness; for it was inconsistent with His Highness's assurance at Ahwaz, with his language early in April to Sir Percy Loraine, with the message His Highness had sent through Mr. Monypenny and, moreover, it had been done during Sir Percy Loraine's absence and at a moment when he was actually co-operating to persuade the sheikh to come. An irreparable humiliation had been placed on the sheikh, and the relations between Reza Khan and the British Government had been subjected to a strain which might well prove intolerable.

141. Reza Khan said there had been no other way out of the dilemma except the course he had taken—reluctantly. The sheikh had refused his invitation, had rejected even the Minister's advice, and, according to his information, was contemplating a permanent retirement to his Irak properties near Basra which would have created an impossible position. Unless the sheikh came to Tehran his affairs could not be settled; as he would not come by persuasion, he had to be brought under compulsion. He realised that the arrest would expose his relations with Sir Percy Loraine to a shock, but he felt he must risk it, as he had a perfectly clear conscience as regards the action he had taken. This statement certainly put a rather better complexion on the matter and mitigated, without entirely removing, the Minister's misgivings. There were clearly only two alternative courses to adopt: either to accept the explanations tendered by the Prime Minister as reasonably satisfactory and try to patch the matter up; or to have a complete breach with Reza Khan, followed by reactions in the whole sphere of policy, the extent of which it was difficult to calculate. Sir Percy Loraine therefore recommended the former course and asked for permission to work out matters as best he could, which was accorded by the Secretary of State.

142. The sheikh, meanwhile, was being brought to Tehran under escort and arrived there on the 10th May. Thereupon another disagreeable incident occurred which, however, was fortunately and rapidly settled. The Minister's messenger bearing a letter of welcome to the sheikh was debarred from delivering the letter by the military guards posted at the door of the sheikh's house, and the Oriental secretary, who was thereupon directed by Sir Percy Loraine to take and deliver the letter himself, was likewise refused admittance. The Minister at once caused the strongest representations to be made to Reza Khan, making it quite clear to His Highness and to the Persian Government that he required complete satisfaction for this affront. After some negotiation satisfaction was obtained, the Prime Minister sending a letter, the terms of which had been previously approved by the Minister, apologising for the incident and giving categorical assurances for the complete liberty of intercourse between Sir Percy Loraine or his representatives and the sheikh.

143. The sheikh was considerably treated on his journey and kindly received by Reza Khan on his arrival in Tehran, where a house outside the town was placed at his disposal. For a time the omens for a favourable settlement of the sheikh's affairs were excellent; Reza Khan told His Majesty's Minister that the sheikh was rapidly reaching the state of mind which he desired, and that the time would not be long before he could publicly re-establish the sheikh's honour and prestige among his countrymen. At the end of July, however, the Arab revolt at Mohammerah, an

account of which will be found in paragraphs 152 and 382 of this report, gave these auspicious processes a sharp set-back. Reza Khan was not unnaturally suspicious of the sheikh's complicity in this rising, and a long time ensued before his mind could be cleared of these suspicions, and convinced of the sheikh's innocence, which was, as a matter of fact, absolute. This and the fact that the sheikh's properties had been sequestered, created a most uncomfortable situation, aggravated by the fact that his younger son, Sheikh Abdullah, who had been left in charge in Khuzestan, acted in a most disgraceful way and was seeking to plunder his father rather than protect his interests by acting as a faithful steward. Furthermore, in these circumstances, the sheikh was confronted with grave financial embarrassments, as he could obtain no revenues from his properties, and was unable to make contracts for the sale of the date crop from his extensive plantations. These circumstances were persistently represented to Reza Khan by His Majesty's Minister, and the former gradually returned to the idea of settling the sheikh's affairs.

144. Early in October a new and rather startling suggestion was put forward in this connection, namely, that the sheikh should pay a sum of 500,000 tomans, representing his share of the military expenditure occasioned by the Khuzestan rebellion, in return for which the Council of Ministers was to ratify his firmans, arrange in a satisfactory manner other questions relating to his properties, and later on permit him to return to Khuzestan with his tribal authority and a high position, but without the right to have armed retainers. When Reza Khan gave the sheikh a full pardon in December 1924, he had not intended to mulct the sheikh in any of the military expenditure incurred in the operations in Khuzestan. It was only in the following autumn, when he was canvassing some of the parliamentary leaders in order to pass a supplementary military budget for the year, that he found a certain opposition to the grant of any fresh funds for the army. The leaders told him frankly that they would oppose the passage of such a Bill, and that he had better recover from the sheikh, the Vali of Pusht-i-Kuh and some of the refractory Bakhtiari Khans who had been the cause of unforeseen military expenditure, and that they were ready to accord him that right after a parliamentary discussion.

145. Reza Khan preferred to avoid an open discussion of the subject if possible and informed the parties concerned what was expected of them adding that he would prefer a friendly settlement of the question to an open discussion in Parliament. The sheikh himself was by no means unwilling to pay this sum, and the arrangement, taking all the circumstances into account did not seem to His Majesty's Minister an unfair one. An active negotiation ensued, the sheikh was able to raise the necessary money by pledging certain securities to the Imperial Bank of Persia, and the money was duly paid. Towards the end of October, to be precise, three days before the deposition of the Kajars on the 31st October, Reza Khan promised Sir Percy Loraine to have the whole business put through rapidly. But misfortune again pursued the sheikh's footsteps and the efforts of his British friends to help him through. His personal friend, Kawam-ed-Dowleh, then Minister of the Interior, and charged with the negotiation of the affair in the Cabinet, had an accident and was laid up for several weeks, just at the critical time; furthermore, after the ejection of the Kajars, the matter was allowed to slide owing to the universal preoccupation with the momentous political changes which had occurred. The whole business therefore was still hanging fire at the end of the year, notwithstanding the renewed representations of His Majesty's Minister to the new Shah, which were not unfavourably received, even though they produced no immediate result.

Cabinet.

146. In January 1925 Amir Iktidar, Mahmud Agha Khan, the Minister of the Interior, was arrested and imprisoned after having been degraded from his military rank of Amir Lashkar. He remained in prison, and afterwards in detention in his own private house for some eight months, after which he was pardoned and restored to his military rank. The real reason for this action has never been elucidated from official sources, but rumour has it that it was the result of intrigue against him by certain of his military colleagues, who are said to have forged a letter purporting to come from a French nobleman in contact with Ahmed Shah in Paris and addressed from Paris to the then Prime Minister, in which it was stated that Amir Iktidar was in secret correspondence with Ahmed Shah. Apart from this change in one portfolio, the Cabinet remained as it was until August.

147. The Prime Minister's return from the south early in 1925 coincided with a recrudescence of the old question concerning the monarchy. Sayyid Hassan Mudarres, one of the most influential Deputies in the House, had been in bitter opposition to the Prime Minister by reason of the ideas which the latter was commonly supposed to hold in regard to the Shah and the Kajar dynasty. During the summer a reconciliation was brought about between Mudarres and the Prime Minister and between the latter and the Court. Although the reconciliation turned out to be only apparent, the result of it was a change of Cabinet on the 10th August and the appointment to Ministerial rank of three followers of Mudarres, viz., Kawam-ed-Dowleh to the Interior, Nusrat-ed-Dowleh to Justice, and Imad-es-Sultaneh (Fatemi) to Education. This manoeuvre of the Prime Minister's was very clever, for it hoodwinked Mudarres, who trusted that his "men" in the Cabinet would lead the Prime Minister in the way that Mudarres wanted him to go, and it took all the bottom out of the Opposition party in the Majlis. The Prime Minister, however, turned out to be the leader instead of the led, and, with the Opposition non-existent, the way for him lay clear to put into execution whatever plan he had in mind.

148. The result of these plans was the decision of the Majlis on the 31st October to depose the Kajar Shah and his dynasty and to entrust the provisional leadership of the State to Reza Khan Pahlavi. Zoka-ul-Mulk (Faruki) was then appointed Acting Prime Minister, and Abdullah Khan Amir Lashkar became Acting Minister of War, these two gentlemen filling the offices recently held by Reza Khan. The Cabinet remained thus constituted until the 16th December, when, by the decision of the Constituent Assembly, Reza Khan succeeded to the throne.

149. During the few succeeding days there was much speculation as to whom the Shah would choose as Prime Minister. The Majlis was almost wholeheartedly in favour of Mirza Hassan Khan Mushar, but the Shah's choice fell on Faruki afresh, and on the 20th December he presented a new Cabinet to the House. This Cabinet differed from the former in regard to four Ministries. Dadger assumed the portfolio of Interior, Beyat that of Finance, and Daver that of Public Works, whilst the Ministry of Education was entrusted temporarily to the Under-Secretary, it being understood that that Ministry was being reserved for Tadayun, the president of the Majlis, whenever the Majlis should be dissolved.

150. There is no doubt that His Majesty chose each Minister of this Cabinet, and that the portfolios were allotted to certain people who had actively helped him in the events of the past few weeks. Beyat was one of the vice-presidents of the Majlis and Tadayun was the president. Dadger was one of the vice-presidents of the Constituent Assembly, and Daver was the *rapporteur* and defender of the four articles of the constitutional law by which the sovereignty was given to Reza Shah and his descendants. The appointments may therefore be said to have signified an expression of His Majesty's thanks for services rendered to himself.

151. One change took place in this Cabinet before the end of the year, Mirza Hassan Khan Mushar resigning from the Ministry for Foreign Affairs when Mirza Davood Khan Meftah became Acting Minister in his place.

Persian Officials.

152. General Fazlullah Khan, Military Governor of Khuzestan, was recalled in June 1925, when the bulk of the troops was withdrawn from that province, and was posted as General Officer Commanding to Gilan and Astarabad. Khuzestan was left with a civil sub-Governor with some Military sub-Governors in various places. The result was an outbreak of discontented Arab tribes, who managed to take possession of Mohammerah and Failiyeh and loot both places before the exiguous Persian garrison left in Khuzestan during the hot weather was able to drive them out.

153. Vikar-ul-Mulk, the Governor-General of the Gulf Ports (Bushire), died in September and was replaced by Movafak-ed-Dowleh in October.

154. Nasr-ul-Mulk (Hassan Ali Khan Hidayet), a son of the defunct Mukhber-ed-Dowleh, assumed the Governorship of Isfahan in April, and his elder brother, the present Mukhber-ed-Dowleh (Gholam Reza Hidayet) took over the Governorship of Kazvin in August.

155. Vossuk-es-Sultaneh (Mehdi Khan Dadver) went from Shiraz to Kerman in April, but was recalled from there before the end of the year; Fahim-ul-Mulk (Mirza Khalil Khan Fahimi) was appointed to replace him, but did not proceed, and a Military Vice-Governor was carrying on at the end of the year.

156. Haji Nassir-es-Sultaneh (Nuri) replaced Vossuk-es-Sultaneh (Dadver) at Shiraz in April.

157. Hishmat-ed-Dowleh (Diba) left Khorasan on leave in July and did not return. Prince Mujallal-es-Sultaneh, father-in-law of Reza Shah Pahlavi, was appointed to replace him, but did not proceed, and the post was still vacant at the end of the year.

158. Sherif-ed-Dowleh (Mohammed Ali Bani Adam) left Luristan in September and was replaced by Mushir Moazzam (Taki Khan Khajevi).

159. Resht, which had been under a Military Governor since July, became a civil governorship in October, when Nizam-ed-Dowleh (Amir Khan Khajeh Nuri) went there from Kerman.

160. Tehran remained under a Military Governor during the whole year.

161. Other minor governorships also changed hands, but are not of sufficient importance to deserve special mention.

Tribes.

162. Generally the policy of strengthening the authority of the Central Government over tribal areas, of destroying the semi-autonomous tribal systems and of extending to the tribes a centralised administration, has been pursued with varying success throughout the year. The power of several of the few remaining tribal leaders of importance has been apparently definitely broken, most notable among these being the Sheikh of Mohammerah, the Sardar of Bujnurd and Soulet-ed-Dowleh; and the only tribal chiefs at present wielding any considerable authority are Simko in Western Azerbaijan, the Vali of Pusht-i-Kuh, Dost Mohammed in Baluchistan, and, in a different category, Ibrahim Khan Kawam (Kawam-ul-Mulk) in Fars and the Bakhtiari Khans.

163. Military operations have been necessary against the Lurs, the Arabs of Khuzestan, the Turkomans and the Baluch tribes of the Sarhad, and the situations in the tribal areas affected are described in the paragraph on military operations later in this report. The principal events of importance in other areas are related below.

Kurds of Western Azerbaijan.

164. The outstanding event connected with these tribes has been the return to Persia from Turkey of Simko in May. He had been in negotiation with the Persian authorities with this object since the previous year, but had had some real or pretended difficulty in getting his family out of Turkey. He arrived with a considerable armed following and was allowed to return to his own home, where he rapidly re-established his former prestige among Persian Kurds. Considerable numbers of refugee Kurds from Turkey joined him, adding to his strength, which was soon sufficient to cause misgivings regarding the wisdom of the Persian Government in allowing him to return with such unrestricted liberty. He succeeded in securing the arrest and removal of Omar Khan, the chief who, during his absence in Turkey, had been recognised as the leader of the Northern Persian Kurds, and had been consistently loyal to Government. He was allowed to levy taxes in kind on villages in the district nominally for the purpose of feeding his following, without interference from the Persian authorities. Indeed it is doubtful whether the Persian Government could restrain him without considerably increasing the troops now in Azerbaijan. Their intentions towards him are obscure; some competent authorities opine that in allowing him freedom to consolidate his position the Persian Government are preparing inevitable trouble for themselves, but it is generally believed that whatever Simko's ambitions may be they will not be favourable to the Turks.

Shahsevens.

165. These tribes have created no disturbance during the year except for a small outbreak of lawlessness in September in which two sections, the Khamislu and the Fuladlu, were implicated. The causes of this are still obscure; there were at the time some symptoms of general unrest among the tribes, and Russian intrigues were suspected of being the cause; but the rapidity with which the disturbance subsided on the approach of troops seemed to show that these had made no real headway, and that this particular case of unrest may have been nothing more than a normal ebullition resulting from the insufficiency of restraining authority. While it is extremely unlikely that Russian agents have not given considerable attention to these tribes, there is at yet no evidence that their intrigues have had any effect.

or that the tribes' old hatred of Russia has at all been modified. Both arms and ammunition in small quantities have reached them from the Caucasus, but it does not necessarily follow that this was with the assistance of the Soviet authorities.

Bakhtiari.

166. Comparative peace has reigned in Bakhtiari during the year. The tribal Governors, Serdar Zaffar and Serdar Jang, have remained unchanged, and Serdar Assad has continued to be a member of the Cabinet. Since the liquidation of the Sheikh of Mohammerah's "rebellion" the tribe has shown no inclination to defy Government; the principle of disarmament has been accepted, and a proportion of rifles has already been surrendered; and, when the time comes, the Khans will probably submit without protest to the assumption by the Persian Government of the responsibility and privilege of protecting the oil-fields. The Bakhtiari road is now policed by the imperial authorities, and, according to recent travellers, in a quite efficient manner.

Kashgai.

167. The appointment of a Military Governor over these tribes has relegated to comparative obscurity a figure who achieved a notorious prominence in the recent history of Fars and in the fortunes of British policy in that province, more through a combination of circumstances than through any notable qualities of his own. Vain, boastful, a coward at heart, avaricious, unreliable, revengeful and, worst of all in Persian eyes, incredibly stingy, the Soulet-ed-Dowleh's record is principally one of intrigue, disorder and extortion. He has rendered little service to his tribe or his country. Arriving in Tehran as member for Jahrum (Fars) in the Majlis, with the halo of an anti-British patriot he was at first appraised at something approaching his own valuation of himself as a national hero, but his vain stupidity before long disclosed his real character and the hollowness of his pretensions, and an ill-timed criticism of Reza Shah, then Prime Minister, sealed his doom. His deposition (for though his son was nominally Ilkhani, Soulet-ed-Dowleh himself exercised the power) was so little unwelcome to the tribes that they even accepted, without protest, the appointment of a military officer to the Ilkhaniship that had continued in unbroken succession in one family for 150 years.

168. Soon after his fall from grace he called at this Legation to protest repentance for his past hostility to the British and to swear unwavering friendship for the future.

169. Except for a few minor robberies the tribes have been law-abiding and submissive. Considerable progress is reported to have been made with their disarmament, though accurate information regarding the proportion of arms collected is not available.

Khamseh (of Fars).

170. Mirza Ibrahim Khan Kawam (the Kawam-ul-Mulk) has continued to govern these tribes with admirable sense and to the advantage of the Central Government. That he has gained the confidence of the Shah is evident from the fact that he has been allowed to retain his power and position. He himself would, perhaps, not be altogether sorry to be relieved of his troublesome responsibilities in Eastern Fars. He has whole-heartedly co-operated with Government in the disarmament of his tribes, which has progressed well. He visited Tehran as a member of the Constituent Assembly, and created an excellent impression by his generosity and hospitality. He was reconciled to the Soulet-ed-Dowleh—not for the first time—at a luncheon party in the Legation.

171. His tribes have been well-behaved except for a few minor disturbances which have affected no one but themselves.

The Sarhad.

172. In the beginning of the year the Sarhad appeared to be quiet and the tribes contented. The new commander of Persian troops was less of a disciplinarian than Salar Amjad had been and the troops seemed no longer so smart or well turned out, but considerable arrears of pay and the presence of the better officers on the Turkoman front may have accounted for the change noticed in the troops. During the early spring, however, the tranquillity was broken and two raids took place over the Indian

border by Ghamshadzais which were repulsed by the Mekran levies, not, however, before the raiders had been able to drive off a large number of cattle. It was evident that the tribes had not forsaken their time-honoured custom of raiding and looting, and the slackness in the Persian military may have encouraged them in thinking that they could do so with impunity.

173. About this time a criminal assault by a couple of Persian soldiers on a Baluch woman in the presence of other Baluchis brought about complications. The failure of the officer commanding troops to punish the soldiers concerned and thus give satisfaction to the offended tribe, coupled with the fact that the officer commanding had announced that in future the Baluch levies would be regarded as regular soldiers liable for service anywhere, even outside their own district, and—in order to show that the Baluchis were to be amenable to the same discipline as Persian soldiers—had the long locks of some seventy Baluchis, including some of their chiefs, clipped, brought the whole of the Sarhad into a state of rebellion. The subsidy payable to them was also many months in arrears, and the Baluchis in addition believed some loose talk about the sums which had been previously agreed upon being reduced. The Sarhad chiefs therefore decided that they would tolerate the presence of Persian troops no longer and by the end of May Khwash and Mirjawa with their garrisons were surrounded and in a very sad plight. The rebel Baluchis announced that their quarrel was with the Persians only, and that British lives and property would be respected, but they requested that the railway should not be used for the transport of munitions or troops to Mirjawa.

174. The military aspect of this outbreak is treated in another part of this report (paragraph 389) and it will suffice to say here that the desperate situation in which the Persian troops found themselves in the Sarhad was only saved by the intervention of His Majesty's consul in Seistan, and the trust and confidence which the Sarhadis had in British justice.

175. At the first report of impending trouble His Majesty's consul in Seistan hastened to Duzdap and immediately began exercising a restraining influence over the Sarhad Sardars. The position was delicate. The Sardars appeared ready and willing to listen to His Majesty's consul, but the latter had no *locus standi* to mediate in the quarrel which concerned the Persian Government and the Sarhadis alone. The Persian Government had no representative on the spot fit or capable of negotiating with the rebellious Sardars, and the latter were very unwilling to place their confidence in the Persians who were there.

176. In consequence of His Majesty's consul's efforts, the Sarhadis chiefs agreed to suspend hostilities for ten days in order that the Persian Government might be made aware of their grievances and give redress, and the consul was able to obtain from them written guarantees for the safety of British lives and property as well as of the railway. The situation was now less strained when Colonel Keyes, the liaison officer, arrived and threw his influence with the local chiefs into the scale for peace. The Prime Minister also telegraphed a kind and reassuring message to the tribes and asked them to acquaint him directly with their grievances and thus the crisis was safely tided over although Dost Mohammed from his isolated position in Southern Baluchistan tried hard to keep the feud alive.

177. Happily the American financial agent in Khorasan was at this time on tour in Seistan, and in his capacity as an official of the Persian Government, was able to intervene directly in the quarrel and inform both the General Officer Commanding the Eastern Division and the Central Government of the situation as it actually was, the causes that had brought it about and the way in which it could best be settled. The Government of India had been extremely anxious for its subjects in the Sarhad as well as for the railway and a number of Indian troops had been concentrated in the neighbourhood of the frontier in case it should have become necessary to use them for the protection of British lives and property. With the arrival of Colonel Keyes at Mirjawa and his interview with the Sarhad chiefs the situation became calmer and when he, in company with His Majesty's consul in Seistan, and the American financial agent, met the tribal leaders at Khwash on the 6th June and informed them that the Persian Government had agreed to punish the men guilty of the criminal assault, pay up the arrears of the subsidy and continue to pay it regularly in future, to remove the officer in command and other officers who had been guilty of maltreating the Baluchis, the chiefs immediately agreed to submit and make their peace with the Central Government.

178. It was arranged that the tribes should be responsible for guarding communications as previously, and that there should be no interference with tribal

customs. The tribes agreed to accept the sum of 1,500 rupees for the criminal assault perpetrated on the Baluch woman, and left the punishment of the criminals to the Persian Government. They also promised to restore the rifles and camels taken from the Persian soldiery. The agreement was signed on the 12th June. It was felt that so long as the subsidy was regularly paid and the spirit of the agreement maintained, there would be no recurrence of trouble. The Persian Government, however, had their hands full with the Turkoman situation and were rather inclined to treat Baluchistan as a secondary matter. As a matter of fact there had been so little direct contact between Baluchistan and Persia that the Central Government knew very little of that province. It was therefore suggested that it might be advantageous if the General Officer Commanding the Eastern Division could meet Colonel Keyes who could impart to him that valuable information which in the course of years he had acquired concerning the Sarhad and Baluchistan and the inhabitants thereof, and in addition help him with useful advice to frame a policy in regard to Baluchistan which might eventually recommend itself to the Persian Government. Unfortunately owing to the call of more important and urgent business elsewhere, the general officer commanding was unable to fix a meeting with Colonel Keyes.

179. In August the situation again became difficult owing to the non-payment in full of the promised arrears, but just when it looked as if there would be a recrudescence of trouble, the money arrived and the arrears were paid up. Operations against the rebellious Turkomans had drained the treasury of the eastern command which was finding itself in financial straits and this was the reason of the delay in paying up the arrears. However, once the arrears were paid up the probability of fresh trouble disappeared. The essential point of the matter was therefore to ensure that future payments would be made on due date. It was suggested that the monthly payments might be made from the customs takings at Duzdap, but although the general officer commanding admitted that such a method would ensure regular payment, he was quite unwilling that the tribesmen should look elsewhere than to him for payment. Arrangements were therefore left as before in the hope that the general officer commanding would be able to effect transfer of money more promptly in future. The tribes were aware that delay so far had not been caused by bad faith and were not inclined to make a fuss so long as any delay was kept within reasonable bounds.

180. On the settlement of this crisis arose the question as to who should assume in the future the responsibility for the protection of the railway and the British subjects who were in the Sarhad and who could best judge the amount of danger which a similar crisis in the future might portend. Formerly the intelligence service and all that depended thereon had been conducted from the Indian side of the border, but the late crisis had been averted by His Majesty's consul in Seistan and His Majesty's consul at Duzdap, both of whom were very much nearer the centre of the danger zone and, in consequence, able to gauge sooner and better the importance of such an event and the measures necessary for the protection of the railway, railway personnel and British subjects in general. The former method did not provide that amount of direct contact which was necessary, and in the late crisis the danger loomed up far greater than it actually turned out to be, so that British troops had been within an ace of needlessly entering Persian territory in order to protect British interests and subjects. Had the troops entered Persia it is just possible that the tribes would not have understood the reason and would perhaps have taken heart from that event and stood out in their rebellious attitude; the Persian Government would certainly have been annoyed, and nobody would have gained any advantage that the efforts of His Majesty's consul officers did not eventually procure. Consequently, the whole area of the railway was transferred to the district of His Majesty's consul at Seistan, and he was made responsible therefor, the post of liaison officer being abolished.

181. Although at the end of the year the payment of the subsidy was still in arrears the situation remained calm. The tribes, it must be said, were not contented, and some of their chiefs sent a petition to the Ameer of Afghanistan complaining of their maltreatment by the Persians and asking for his mediation or, alternatively, for permission to enter and settle in Afghan territory if better treatment were not meted out to them in future. An answer from the Ameer is still awaited, but the request is known to the Persian Government, who, if they desire to keep the tribes within their jurisdiction, would do well to care for them a little more in the future than has been the case in the past.

Azerbaijan.

182. During the summer Azerbaijan received a visit from Reza Khan, who had long promised to go there. He was generally well received, although a section of the local clergy held aloof from meeting him.

183. As a result of the information gleaned from the persons arrested in Tehran towards the end of the summer who were suspected of revolutionary agitation, about 100 persons of the same type were rounded up in Tabriz. Many of the persons arrested were Armenians, and not a few of them were employees of the various Soviet trading organisations. Evidence which came into the hands of the authorities leaves little doubt that many of them were paid *agents provocateurs* and that their funds came from Soviet sources. Their arrest was very timely, and their organisation was considerably dislocated, even if it was not smashed up. Just previously there had been some effervescence among the Shahsevan tribes around Ardebil, but the prompt action of the military authorities soon re-established the central authority.

184. At the end of the summer the Soviet consuls in Azerbaijan were called to a conference in Tabriz with Comrade Bobroff, the counsellor of the Russian Legation in Tehran, but it is not known for what purpose the conference was held. Generally speaking, Azerbaijan appears to have received a certain amount of attention from the Soviet in the latter part of the year.

185. Early in October demonstrations began in Tabriz against the return to Persia of Sultan Ahmed Shah, and tents were pitched in the compound of the telegraph office in the manner of a *bast*, and a stream of messages and petitions were sent to the capital. Little by little, and as time passed and no apparent attention was paid to the demonstrators, their messages became more threatening. A Committee of National Awakening was formed from all sections and classes of the populace, and Tabriz rapidly assumed the leadership in the anti-Kajar movement just as twenty years previously it had assumed the leadership of the constitutional movement.

186. In response to appeals from Tabriz, similar committees to its own sprung up in many other provincial centres, and each swore to follow the lead that Tabriz should give. Tehran alone seemed more or less apathetic, but on the 28th October it was rudely awakened by an ultimatum from Tabriz which announced that it was going to sever relations with the capital, take over the Government offices and raise an army to march on Tehran to punish the cowardly Deputies who refused to listen to the people and others who were said to be the partisans of Ahmed Shah. The threat had the effect of bringing the Deputies to a sense of realities, and three days later the Kajar Shah was dethroned and his dynasty brought to an end.

187. To this act Tabriz contributed more than any other place in Persia, and its populace were overjoyed with the success of their *coup* and must have felt that they had again conquered their erstwhile position as the leaders of public opinion in Persia.

The Majlis.

188. The manner in which the Majlis has transacted its business during the year under review compares most favourably with that of any of the four previous Legislatures which have sat since the beginning of the Constitution. There has been an almost entire absence of party play, and work has been accomplished in a quiet and businesslike way.

189. A host of laws and projects of minor importance have been discussed and voted, but others there have been which are of great importance for the future of the country. Foremost amongst these latter is (1) the Government monopoly tax on tea and sugar, the proceeds of which are to form a fund for railway construction in Persia. The question of railway construction has been much in the public mind during the whole year, and also to a lesser degree the necessity of exploiting those mines which might contribute towards the construction of railways. The Bill, however, provides that the funds raised by the monopoly tax shall be used exclusively for railways.

190. Another Bill of general national importance that the present Legislature has voted is (2) the Military Conscription Bill, which will provide Persia with cadres for a larger army than before without any increase of expenditure. Under its provisions the large towns, so far exempt from providing soldiers, will have to furnish their quota. In all respects the incidence of the new Bill is fairer and covers a wider field than the antiquated system which it replaces.

191. Three of the other Bills, which were mentioned in last year's report as being down for discussion, have also been passed. These were (3) the Bill for controlling weights and measures; (4) a Trade Mark Bill, but the regulations regarding the method of its application have yet to be drafted and it is therefore in suspense; (5) the Bill amending the Electoral Law.

192. The Bill assigning the exploitation of oil in Gilan to a Persian company aroused much opposition, as the principal and moving spirit in the company was Haji Moin-et-Tujjar, a man who had lately identified himself with the trading organisations of the Bolsheviks, to whom he had served on some occasions as a sort of "cover" in their commercial transactions. The Bill was withdrawn from debate owing to the bitter opposition which it aroused.

193. Parliamentary permission was obtained to give a trial to the new commercial and criminal codes, and the former has been on trial in the native courts for some months.

194. Amongst the more important Bills down for discussion and decision before the term of the present Legislature closes on the 11th February, 1926, are:—

- (1.) The Railway Bill.
- (2.) A proposal to accord to Junkers an aviation concession for carriage of post and passengers between Tehran and the north, south and west.
- (3.) The Caspian Fisheries Bill.

195. Finally, the most important and the most epoch-making decision which the Majlis took during 1925 was that voted on the 31st October, by which it deposed Sultan Ahmed Shah and the Kajar dynasty and entrusted the provisional care of the State to Reza Khan Pahlavi until such time as the Constituent Assembly could be convened in order to decide on the future régime of the country.

Persian Press.

196. There has been an enormous improvement during 1925 in the tone of the Persian press. The declaration of martial law following the Imbrie murder in the early summer of 1924 and the imposition of a strict censorship of the press which has continued more or less unabated during this year are *prima facie* responsible for the improvement, but the natural strength of the Government and the knowledge that they are no longer willing to tolerate the former blackmailing propensities of newspaper editors has made the task of the censors somewhat light. It is perhaps too much to say that all was perfect, and it must be admitted that there have been occasional lapses, chiefly in the provinces, where the censor had been, perhaps, lulled into a feeling of false confidence and had become negligent. The Tehran press has not given one single cause for complaint as regards abuse of Great Britain, and the only instance of a newspaper overstepping the limits of decent criticism was that in which the editor of the semi-cartoon paper "Nahid" published an article ridiculing Islam, the ulema, and even the Prophet himself. This article aroused the fury of the clergy both in Tehran and in the Holy City of Meshed, and the editor was lucky to escape very condign punishment, as the clergy actually asked for the death penalty to be inflicted. It is difficult to say what might not have happened to him if he had not succeeded in escaping from prison and taken refuge in the Parliament until the fury of the storm had passed.

197. Slackness in both the civil and military authorities in Khorasan led to an outburst of revolutionary propaganda in a part of the Meshed press, but Tehran was not slow to issue orders for a more strict censorship, and the propaganda subsided.

198. The formerly abusive Shiraz press showed marked quiet during the year and contented itself with occasional advice to the Persian Government to keep its eyes open in the Gulf and show more authority in connection with the ports and islands there. One Shiraz paper printed an absurd and tendentious article on the hospitality which Kawam-ul-Mulk had shown to His Majesty's Minister when the latter accompanied him to Takhti Jamshid (Persepolis) in the early spring, trying to make out that some secret engagement had been the object of the meeting, but the editor was quickly brought to book and compelled to retract and publish a *démenti*.

199. With the Persian Government keeping its press in such good restraint, it was particularly trying to see the Calcutta newspaper, "Habl-ul-Matin," circulating freely in Persia and continuing its rampant abuse of Great Britain. Representations to the Government of India drew the reply that a warning had been given earlier to

the editor and that the tone of the paper had improved. If there had been any improvement, it could only have been of a very temporary nature, and it is not too much to say that it has continued to shower abuse on everything British, whether it be in connection with Irak, the Hejaz, Bahrein or the Anglo-Persian Oil Company, and scarcely a number has appeared in which subtle hints or secret stabs have not been conveyed to the mind of the observant reader, and no opportunity has been lost in poisoning the Persian mind against Great Britain or in attempting to fan the flames of racial hatred.

200. A minor offender in this connection is the "Azadi Shark," published in Berlin, to which the attention of His Majesty's Ambassador was drawn early in the year, but its publication is exceedingly irregular, and, in fact, it has not appeared in Persia for many months past.

Gulf Ports.

201. *Bahrein.*—There has been a renewal of difficulties about Bahreinis travelling to and from Persia. The Minister for Foreign Affairs finally agreed to instruct the Persian consul at Basra to visa the passport of the Bahreini mentioned in last year's annual report, but proposed that in future Bahreinis travelling in the Gulf should possess themselves of certificates of identity, called "Ilm-u-Khabr," which they could obtain from any Persian customs post. This method had been in practice formerly, and appeared to His Majesty's Legation to be the best method of freeing Bahreinis from molestation by the Persian authorities whenever they happened to land in a Persian port. But at best it is only a compromise, and it leaves the views of the Persian Government and of His Majesty's Government utterly divergent as regards the status of Bahrein. With Persia showing a growing sense of Nationalism, her claims to Bahrein, flimsy and hollow as they are, may perhaps become more insistent. It would be eminently desirable to find some way to secure a definite abandonment of these Persian pretensions, but none has yet been suggested which commends itself to His Majesty's Government.

202. *Koweit.*—Although the Persian Government had abandoned the idea of sending a representative from their consulate at Basra to Koweit, the Persian population in Koweit continued to petition for some kind of representative. The Persian Government conceived the idea of appointing one of the local Persian inhabitants as honorary representative, and informed His Majesty's Legation of this plan in April, asking at the same time for help in its realisation. Enquiries elicited the fact that the Sheikh of Koweit was exceedingly jealous of his authority over foreign subjects in his territory, and His Majesty's Legation was able to persuade the Persian Government to abandon this idea also. The Minister for Foreign Affairs, however, then enquired whether the protection of Persian interests could not be confided to the British political agent there. Although it was fairly obvious that the Sheikh would be unwilling to delegate jurisdiction over Persian subjects to the political agent, His Majesty's Government thought that he might be willing that the political agent should extend good offices in general to Persian subjects there, and the matter was being discussed on these lines at the end of the year.

203. *Abu Musa.*—During August a Persian Customs launch went from Lingah to Abu Musa to fetch samples of oxide. The samples were apparently not obtained owing to the hostility of the inhabitants, and the launch ran aground on a rock and had to be rescued by another Customs boat from Bushire. The Sheikh of Shargah, to whom Abu Musa belongs, objected strongly to this act of the Persian authorities, and the Acting British Resident in the Gulf complained to both the Acting Governor of the Gulf ports and to the Belgian Customs Director at Bushire. The latter subsequently informed the Resident that he had transmitted the complaint to the Central Customs at Tehran, but nothing further was heard of the matter.

Salar-ed-Dowleh

204. This tiresome Kajar Prince, a crazy and irresponsible firebrand, had created fresh difficulty towards the end of 1924, by leaving his retreat and his numerous creditors in Switzerland and proceeding to Persia to join the Sheikh of Mohammerah's threatened rebellion in Khuzestan. He was got out of the way by the local British authorities, in return for a very guarded assurance that British good offices would be used to secure the regular payment of his pension, which, as a matter of fact, had been done for some time past.

205. The key to all Salar-ed-Dowleh's activities is this: When banished many years ago for rebellion he also got a pension from the Persian Government, on which,

being an extravagant person, he was unable to live, so he contracted numerous debts. His object is to get more money. His tactics are, alternately (1), to importune His Majesty's Government to bring pressure to bear on the Persian Government to get more money, or themselves to pay his debts, on the pretext that His Majesty's Government compelled him to leave Persia and bound him over not to return; (2) to raise or abet rebellion in Persia in the hope of making himself such a nuisance to the Persian Government that they will pay to get rid of him. He calls the solution in either case, euphemistically, the "settlement of his private affairs."

206. By January 1925 the Prince had established himself in Damascus, much to the annoyance of His Majesty's consul, who knew him well, and expressed a strong desire to be rid of him. The Prince, as usual, started plaguing Mr. Smart with his "private affairs" and His Majesty's Legation looked into the matter, when it was discovered that the Prince's pension, which had been reduced by the Majlis from 800 to 500 tomans a month, had been quite regularly paid. Salar-ed-Dowleh remained insistent, made exaggerated claims, and maintained quite incorrectly that the assurance given him in 1924 covered the whole "settlement of his private affairs." Mr. Consul Smart, harassed by these importunities, justly foreseeing the possibility that the Prince might attempt another of his crazy rebellions, continued to urge his removal from Damascus, and asked exactly whether or not the Prince could hope for anything financially from His Majesty's Government. His Majesty's Minister approached the Persian Prime Minister, who maintained that Salar-ed-Dowleh was lucky to get his pension and could not expect more; there was no chance of the Majlis increasing it, and if the Prince attempted another of his foolhardy expeditions, it would probably be cut off altogether. His Majesty's Government obviously could accept no responsibility.

207. At the end of April Salar-ed-Dowleh passed through Kadhimain (Bagdad) and slipped through to the Kurdish Perso-Irak frontier region, having left Damascus surreptitiously and without a visa. His alleged intention was, with the help of Sheikh Mahmud of Suleimanieh, to raise a force to attack the Persian Government. From Khanikin he telegraphed to the latter requesting permission to return to Persia, which was refused by the Persian Government. In these circumstances His Majesty's Minister enquired of His Majesty's High Commissioner whether the Prince could not be brought to Bagdad and sent to some place where he could do no harm, it being evident that complications would arise between Persia and Irak if the latter were used by the Prince as a base for organising one of his periodical forays into Persia. Although the Prince was summoned to report himself by the High Commissioner at Bagdad and warned that, failing compliance, he would be regarded as an enemy by the British Government, these measures produced no effect, and the Prince crossed over into Persia accompanied, it was said, by Mahmud Khan Dizli, a Kurdish chieftain, who had often played in with the notorious Sheikh Mahmud of Suleimanieh. For some time the Prince seems to have moved to and fro across the frontier, but when in Irak the authorities there were unable to lay hands on him in spite of every effort being made. His efforts to stir up rebellion in Persia fortunately met with little if any response. Probably for this reason he wrote to the High Commissioner at Bagdad early in June, undertaking to leave Kurdistan if his "financial future" were assured. Throughout these comings and goings His Majesty's Minister communicated all available information privately to Reza Khan and did what he could, not without success, to dispel the latter's suspicions that for some machiavellian reason the Irak authorities were aiding or encouraging Salar-ed-Dowleh against the Persian Government. The Prince's hopes of making trouble appear to have been finally shattered by the refusal of Jafar Sultan, an important tribal leader of the Avroman district, acting under the direct advice of the High Commissioner, to join up with him. In mid-August, therefore, the Prince, who had billeted himself on the Kalhur tribe, sent a representative to the Residency in Bagdad, to say that His Highness, if not arrested on his way through Irak, would probably be content to retire again to Syria, but on the final as usual condition of His Majesty's Government getting his financial affairs regulated. Sir Henry Dobbs acquainted His Majesty's Minister with the foregoing and asked what he wished done.

208. Sir Percy Loraine approached the Persian Government, who said that the Majlis would probably stop the Prince's existing allowances. He therefore expressed the view that further British intervention on His Highness's behalf would merely arouse suspicion in the Persian Government. He pointed out that the Prince ignored past British efforts on his behalf, defied the Irak authorities and persistently

misrepresented the matter of his allowance. In his opinion, therefore, Salar-ed-Dowleh should be told that he must settle his own affairs with the Persian Government, that by his fresh attempt to raise rebellion he had forfeited any claim he might have on British good offices, and that if he persisted in his rebellious attitude he must take the consequences. These views were shared by the Secretary of State for Foreign Affairs. Mr. Consul Smart protested against the Prince's return to Syria, and suggested his expulsion to Europe via Basra. Here the difficulty of getting any funds for the Prince's journey or maintenance again interposed itself, although His Majesty's Minister concurred in and supported Mr. Smart's views. In September five of the Prince's men were arrested at Mandali, in Irak, but he himself escaped. Early in November the Prince reappeared in Damascus.

The Kajar Prince-Regent.

209. After his return from Khuzestan in January the Prime Minister was not slow to give public utterance to the lack of interest which the Prince-Regent had displayed in the progress of the Khuzestan campaign, and was evidently annoyed that no telegrams of enquiry after his health or as to the progress of events in Khuzestan had been sent to him from the Court, and that, moreover, on his return to the capital the Prince-Regent had sent no representative to welcome him back. Relations between these two personages remained very strained for some time, in fact, relations were non-existent until late in the summer, when the efforts of Sayyid Hassan Mudarres to pave the way for the return of Ahmed Shah led to a semblance of a reconciliation between the Prince-Regent and the powerful Prime Minister.

210. Thereafter matters appeared to go rather smoother for the Prince-Regent, and he was able to obtain from the Majlis the payment of certain wantonly withheld arrears of his privy purse, partly by a cash payment and partly by the cession to him of two Government estates in the vicinity of the capital.

211. The Majlis decision of the 31st October, dethroning Ahmed Shah and setting aside the Kajar dynasty, however, convinced the Prince-Regent that the struggle was finished, and that it was useless for him to try to ward off a fate that was relentlessly pursuing the Royal Family, and when on the same day he was requested to make immediate preparations for a final departure from Persia, he lost no time in doing so and left the city the same night, escorted to the western frontier, with all possible haste. His Royal Highness arrived in Bagdad on the morning of the 4th November and remained there until the end of the year.

212. His sojourn in Bagdad was neither to the interest of Irak nor of Persia, nor, indeed, to his own, and, although he was warned that he could only enjoy Irak hospitality so long as he refrained from any intrigue against the new order in Persia, and although the Persian Government was made aware that this warning had been conveyed, yet the latter Government was very suspicious of his prolonged stay in the neighbouring country. The fact of the matter was that the ex-Prince-Regent was almost penniless, and was obliged to wait in Bagdad for funds to enable him to continue his journey.

213. In November Reza Khan despatched a special delegate on a secret mission to the Ulema of Nejed and Kerbela, and after His Majesty's Legation had brought home to the provisional Head of the State the real financial straits in which the ex-Prince-Regent found himself, Reza Khan decided to instruct his special delegate to negotiate with the ex-Prince-Regent with the object of finding him funds so that he might continue his journey to Europe. Negotiations to this end were in progress at the end of the year, and it was expected that satisfactory arrangements would shortly be made.

Vossuk-ed-Dowleh.

214. In the spring of 1925, Vossuk-ed-Dowleh, who had been absent from Persia since the summer of 1920, announced the desire to return to Persia, and enquired if the Persian Government had any objection thereto. In reply he was informed that there were no objections. He, however, delayed his departure as one of the members of his family arrived in Europe at that time to undergo an operation. Only at the end of September did he announce his intention to leave Europe, but this announcement coinciding with that of the proposed departure for Persia of Sultan Ahmed Shah, caused Reza Khan to suspect that there was some secret arrangement whereby Vossuk-ed-Dowleh would return under the ægis of Ahmed Shah. Vossuk-ed-Dowleh's relatives in Tehran were therefore told to warn

him that he should postpone his departure for Persia until further notice. Unfortunately for Vossuk-ed-Dowleh the warning only reached him after his arrival at Bagdad in the first week in November. There he was subsequently informed by the Minister for Foreign Affairs that the Government were unwilling to permit his return to Persia for the time being, and he was told that he would do well to go to Basra or Bombay until such time as permission to return to Tehran might be accorded. Vossuk-ed-Dowleh accordingly departed to Basra, where he was still residing at the end of the year.

IV.—CAPITULATIONS.

Attitude of His Majesty's Government.

215. The Foreign Office received during the year specific enquiries from the Italian Embassy and the Greek Legation in London as to the attitude adopted by His Majesty's Government towards the question of Capitulations in Persia. Their reply to the latter of these two enquiries constituted so definite a statement of policy that it should figure in this report, if only for purposes of subsequent record. While expressing a general desire for a united front among Powers enjoying capitulatory rights in Persia, the Foreign Office defined their attitude under the following headings:—

- (1.) His Majesty's Government did not consider that the denunciation of the Treaty of Turkomanchai in any way affected the treaty rights enjoyed in Persia by other European and American Powers.
- (2.) They intended for their part to maintain the extra-territorial rights devolving under the treaty of 1857, and from long custom and usage, and to resist all attempts of the Persian Government to undermine these rights.
- (3.) They would only be prepared to admit any diminution of the existing system in the event of a thorough reorganisation, on modern European lines, of the administration of justice in Persia, and when they were satisfied that this administration would be free from partiality or corruption.
- (4.) They did not consider that, in the event of a miscarriage of justice in the native courts, diplomatic intervention with the Persian Government would ever offer a safe alternative to the system of guarantees at present enjoyed.

Taxation of Foreigners.

216. The general attitude of His Majesty's Minister has been that although there is nothing in the treaties which specifically exempts foreigners from taxation, and that although there is no desire either to secure a privileged position for British subjects or to hamper the fiscal policy of the Persian Government, yet the fact that payment of taxes can only in the last resort be imposed on foreigners with the consent of their Legations or consulates, gives to the latter the practical power of refusing such consent until they are assured that the tax in question is neither discriminatory nor capricious, and that its proceeds will in fact be applied to the purposes for which it is ostensibly levied. His Majesty's Minister was able, during the course of the year, to convince the Persian Government of the logic of this argumentation, with the result that in July the Minister for Foreign Affairs addressed to him an official note suggesting that a mixed commission should be formed, such as would give the capitulatory Powers the opportunity to scrutinise and to approve the several taxes which it was proposed to levy on their nationals. Although this proposal was in principle welcomed by His Majesty's Minister, yet he felt it preferable to wait until the whole problem had been simplified by the abolition, under the proposed compounded road tax, of the more objectionable impositions which had hitherto been included under the elastic denomination of Navakel. The Persian Government were informed accordingly, and meanwhile reports had been called for from His Majesty's consuls as to the incidence of municipal and State taxation in their respective districts. These reports disclosed that the exactions of the provincial revenue authorities were ill-organised and capricious; in one locality the authorities would endeavour to exact a grazing tax on motor cars; in another, a road tax for a road which was non-existent. His Majesty's Minister instructed consuls to advise British subjects in such petty cases to pay under protest, and to reserve official complaint

for the more flagrant instances of extortion. The compounded road tax has since, with the aid of the American advisers, been put into the form of a Bill, and it is expected that it will be passed by the Majlis in the near future. The proposals for taxes on income and sales, which had caused such anxiety in 1924, as well as the suggested stamp tax, which caused a similar panic in 1925, were all withdrawn from the Majlis in view of the opposition aroused. There is no assurance, however, that all or any of these projects will not subsequently be revived.

German Treaty.

217. Article 19 of the German-Persian Treaty of 1873 provided for denunciation by either party at only one year's notice. The *Acte additionnel* to that treaty specified, however, that neither party would exercise this right of denunciation for a period of ten years. This mutual waiver of the right of denunciation at twelve months' notice had been renewed by the two Governments at the end of each successive period of ten years. In 1924, however, the Persian Government refused to renew this disclaimer, and by implication reserved for themselves the right provided by article 19 of the original treaty to denounce it at only twelve months' notice. The fact that they have not as yet given such notice, and the possibility that their objections centre rather upon the commercial articles of the treaty than on those which accord capitulatory privileges, has not diminished the uneasiness either of the German Minister or of those Legations who depend, like ourselves, on sharing, under our most-favoured-nation clauses, the especial benefits, such as inviolability of domicile, which the German treaty alone explicitly confers on capitulatory Powers.

Austrian Treaty.

218. The assumption by His Majesty's Government of the charge of Austrian interests in Persia raised the question whether the old Austro-Hungarian Treaty of 1857 was still valid, and whether Austrian citizens were therefore entitled to the benefits of the Capitulations. The Federal Government themselves held the view that the old Austro-Hungarian treaties were not *ipso facto* applicable to the new republic, and they asked therefore that His Majesty's Minister should approach the Persian Government with the suggestion that the old Austro-Hungarian treaty should be rendered applicable to the new Austria by means of an exchange of notes. The Persian Government, as was expected, categorically refused in any form to renew the capitulatory articles of the old treaty, though they expressed their willingness to negotiate a new treaty on the basis of equality of rights. His Majesty's Government suggested unofficially to the Federal Government that they should insist on the renewal of the old capitulatory articles, but it was felt in Vienna that any such insistence was rendered difficult by the abandonment of Austrian capitulatory privileges in other countries. The Federal Government finally compromised by saying that while they could not insist on the renewal of the old treaty, yet they would not embarrass the other capitulatory Powers by being the first to negotiate with Persia a treaty based on equality of rights. Meanwhile, reports had appeared in the Persian press to the effect that negotiations for a new commercial treaty were to be opened between the Austrian and Persian Ministers at Rome. No information regarding the course of these negotiations had been received by the end of the year.

Exchange of Visits between Consuls and Governors.

219. The previous history of this apparently trivial question will be found in paragraph 168 of the report for 1924. On the 1st February the Turkish Ambassador, after agreement with his colleagues, sent a note to the Persian Government requesting that the principle should be established that the first arrival should call first. The Persian Government replied that it had already been agreed that the Governor, if a first arrival, should send his card to the consuls and that the latter should thereupon pay the first call on the Governor. In support of this contention they produced a note from Sir George Barclay in which he certainly appears to have accepted the procedure thus established. The matter has not again been raised during the year under review, and a further meeting of the heads of missions will doubtless soon be necessary. The fact that the Turkish Ambassador now yields place as doyen to his Soviet colleague may render it even more difficult to achieve agreement between the several foreign representatives.

V.—CONCESSIONS.

*Anglo-Persian Oil Company.**The Concessions Bill.*

220. In April the Government submitted to the Majlis a Bill under the terms of which they would be authorised either to cancel or to curtail the rights of companies or individuals holding existing concessions in Persia. The main stipulations of this Bill were, (1) that all concessions on which the *cessionnaire* had not, by the 31st March, 1925, commenced operations should be cancelled absolutely; (2) that those concessions which, by that date, had only in part been exploited would remain valid only as regards that part; and (3) that all concessions granted for an indefinite period should now be curtailed to a period of fifty years.

221. It was evident that the second of these stipulations might seriously prejudice the rights of the Anglo-Persian Oil Company, since considerable areas lying within the orbit of their concession had not been, and could not be, rendered technically operative by the date prescribed. Immediate representations were, therefore, made to the Persian Government, and elicited an official reply, dated the 21st June, to the effect that the terms of the Bill were not intended to apply to the concessions held in the south by the Anglo-Persian Oil Company. This assurance, although given in writing and endorsed both by the Minister for Foreign Affairs and the Minister of Public Works, was not considered satisfactory by the company. On the one hand, they feared that, were the Bill to become law, the assurances of any individual Ministers would have but little validity; on the other hand, they were dismayed by a reservation inserted in the Persian note of the 21st June which implied not only that this exemption would not cover the claims of the company in the northern provinces, but also that the limits of those provinces were to be submitted to some geographical juggling. They urged, therefore, that the assurances furnished by the Persian Government should be rendered at once more comprehensive and more precise, and that, thus improved, they should be inserted as an additional article in the Bill itself. His Majesty's Minister was averse from raising the matter in so categorical and insistent a form; as regards the southern concession he felt that the assurances received should, in fact, prove wholly adequate, and that, in the last resort, it could be shown that the d'Arcy concession, as being in the nature of a contractual obligation laying responsibilities on both parties, fell entirely outside the scope of the proposed stipulations; as regards the claims of the company in the northern provinces, he considered that it would be preferable, in the then existing state of Persian opinion, not to raise so highly controversial a matter, or to expose His Majesty's Government to the charge of interference in Persian domestic legislation. He decided, therefore, merely to take note of the assurances received on the 21st June, and as regards the reservation appended to those assurances, to reply that any disagreement on such points could, under article 17 of the concession, be referred to arbitration. At the same time he took occasion to point out to the Persian Government the prejudicial effect which such confiscatory legislation would exercise on Persian credit abroad, and he was able to induce his French and Belgian colleagues to enter formal reservations on their own behalf and thereby to give to the dispute an international rather than a purely Anglo-Persian character. These tactics produced the desired result; in July the Majlis postponed for an indefinite period all further consideration of the Bill, and the subject has not again arisen during 1925. It would not be safe to assume that the project will not be revived.

Samnan and Damghan.

222. Already in December 1924 news had reached the Anglo-Persian Oil Company that certain Persian and foreign *cessionnaires* had obtained registration of firmans for oil rights in the districts of Samnan and Damghan. These reports were confirmed during the course of the year, and the reservation which, as was mentioned in the previous paragraph, had been inserted in the Persian note of the 21st June as to the limits of the northern provinces showed clearly that the Persian Government chose to consider these two districts as inside the Province of Khorasan and, therefore, as not included in the d'Arcy concession. A formal caveat was entered by the company, and provoked a reply from the Persian Government to the effect that these localities were undoubtedly included within the limits of the Province of Khorasan at the time of the signature of the d'Arcy concession. The

company replied by stating that they possessed proof that neither of these two districts had, in 1901, formed part of the northern provinces, that they were, therefore, included in the area of the d'Arcy concession, and that the Persian Government would be held responsible for any losses which the company might suffer owing to the illegal disposal of their rights to third parties. The Persian Government then shifted their ground and contended that the firmans which had now been registered were prior in date to the d'Arcy concession. To this the company were able to reply that if priority of date were to be the guiding principle in such matters, then the Persian Government had had no right to surrender to the Sinclair group a concession already covered by a firman accorded to Sepahsalar. The controversy was still continuing at the end of the year, and arbitration may in the end be found necessary.

Protection of the Oil-Fields.

223. In the military section of this report will be found a summary of the discussion which took place during the year regarding the circumstances in which British armed forces might be used for the protection of the fields. In May the Officer Commanding the Persian forces in Khuzestan urged upon the company the desirability of substituting for the Bakhtiari guards at present employed on the fields some detachments of the regular Persian army. The attitude of the company is understood to be that they are indifferent to the question whether responsibility for their protection is entrusted to the central or local authority, provided only that such responsibility is not dual as between the two. That the Persian Government are inclined to look with disfavour on existing regional arrangements was also shown by the establishment of a new Persian gendarmerie post immediately outside the company's area. It is not unlikely that the whole question of the military protection of the oil-fields may be raised by the Persian Government during the course of 1926. A further reference to this subject will be found in paragraph 408.

Incident in Pusht-i-Kuh.

224. In March the operations of the company at Dehluran were forcibly obstructed by the Military Governor, who demanded a sum of 5,000 tomans. The employees of the company rightly refused to meet this exaction and were forced to retire to Amara. So soon as the news of this incident reached Tehran, representations were made to Reza Khan, and the matter was speedily and satisfactorily arranged.

Flags on the Karun.

225. The Persian Government have asked that "as a matter of courtesy" the Persian flag as well as the British flag should be flown by tankers navigating the Karun River. The point has been raised whether any vessel is able to fly two different national flags, but, as the Persian Government have not recurred to their proposal, the matter has for the moment been shelved.

Personnel.

226. The employees of the Anglo-Persian Oil Company in Persia numbered at the end of the year 22,448. Of these, 16,259 were of Persian nationality, 888 British, 4,248 Indian, and 626 Irak.

The Company's Operations.

227. The change of régime in Khuzestan and the elimination throughout 1925 of the Sheikh of Mohammerah as a political factor in that region in favour of a military government has not affected the company's operations adversely. These operations have proceeded without disturbance and at the annual general meeting of shareholders the chairman was able to show a record year in respect of output, sales and profits.

*Persian Railway Syndicate.**(a.) Claim for Survey Work.*

228. The syndicate had two claims against the Persian Government for the expenses entailed by the surveys undertaken by them at the request of the Persian Ministry of Public Works on the *tracks* for the Tehran-Khanikin and the Mohammerah-Khoremmabad Railways. The first amounted to £168,458 and the

second to £33,749. The matter was in May referred to a mixed committee, the meetings of which were attended by a representative of His Majesty's Legation; this committee held four meetings and in September produced a report substantiating, though in vague terms, the validity of the syndicate's claims, while leaving the means of settlement to the decision of the Persian Government. The latter have as yet taken no further steps in the matter, and the syndicate, in view of the developments recorded in the following paragraph, have refrained from pressing for payment.

(b.) *Offer of Loan for Railway Construction.*

229. In July Sir Charles Greenway, chairman of the syndicate as well as of the Anglo-Persian Oil Company, informed the Foreign Office that he was willing to offer the Persian Government a State and Railway loan to the aggregate of £10 million. He asked that this offer should be communicated to the Persian Government by His Majesty's Minister together with a statement of the conditions attached to it. For purposes of future record it may be well to give a summary of these conditions as well as of the criticisms to which they were subjected by Sir Percy Loraine. The main conditions formulated by Sir Charles Greenway were as follows:—

- (a.) Of the total £10 million, 7 million would be for surveys, construction of the first section, and administrative expenses.
- (b.) The remaining 3 million would be used for paying off any existing charges on the oil royalties, and after that would go to meet any budget deficit on existing expenditure.
- (c.) The bonds would be secured on the sugar and tea monopoly, the surplus of the southern customs, and the oil royalties.
- (d.) These bonds would be issued at about 85 and would bear interest at 7 or 6½ per cent.
- (e.) A concession for the railways would be granted to the Persian Railway Syndicate, who would form a company under the name of the "National Railways of Persia, Limited." This company to issue shares for, say, £1 million. The surplus earnings of the railway to be shared equally between the Persian Railway Syndicate, the Anglo-Persian Oil Company, the Persian Government and the parties taking up the bonds.
- (f.) In view of the existing tightness of the London market, the Anglo-Persian Oil Company would be prepared to assist the Persian Government in immediately financing construction. In return the latter would extend the term of the d'Arcy concession, and grant the Northern Oil Concession to a combination of the Anglo-Persian and the Standard Oil Companies.

230. His Majesty's Minister expressed the view that such an offer would not be palatable to the Persian Government, who would see in it an attempt to place them irrevocably at the mercy of British capital. He considered point (b) to be merely an attempt to buy out the Imperial Bank of Persia, whereas the offer to assist the Persian budget deficit would be counter to the present policy of the American Mission, who were determined to meet such deficits from revenue, and not from foreign loans; point (c), he felt, would be particularly resented as an attempt to secure control of all the best sources of Persian security, nor did it seem that the pledging of the southern customs or the oil royalties would be welcome to His Majesty's Government until the payment of Persia's debt to them had been assured; points (d) and (e) would certainly be criticised by the Persian Government and by the American advisers as constituting an unnecessarily hard bargain on the financial side, whereas the grant of any formal concession, as opposed to a construction contract, would be bitterly attacked by the Majlis and would have little prospect of acceptance. Finally, he expressed the opinion that the conditions formulated by Sir Charles Greenway under point (f) of his offer would be regarded as so onerous that the Persian Government would be prejudiced against the whole proposal, and would certainly be induced thereby to turn to the United States for any assistance they required. In conclusion, Sir Percy Loraine urged that the scheme was not one with which His Majesty's Government could usefully be associated, even to the extent of submitting the proposal to the Persian Government. The Foreign Office agreed with this opinion, and Sir Charles Greenway was informed accordingly. The proposal was therefore shelved.

Anglo-Persian and Standard Oil Combine.

231. The fiasco of the Sinclair Oil Concession and the failure of the New York market to produce the loan which had so confidently been expected had meanwhile turned the thoughts of many Persians towards the possibility of some Anglo-American combine, and the idea began to find favour, particularly with Serdar Moazam (Taimourtache), the Minister of Public Works, that it might be possible to link the Northern Oil question with that of railways and to secure a combination of important interests to undertake the two concessions. His Majesty's Minister welcomed this tendency, and indicated the possibility of some fusion of interests as between the Anglo-Persian and the Standard Oil Companies under which, in return for the concession of the Northern Oil districts, the two companies would grant the Persian Government favourable terms for the construction of the necessary railways. His Majesty's Minister expressed himself to the Foreign Office as strongly in favour of this proposal, and he took the occasion again to draw the earnest attention of His Majesty's Government to the general question of railway construction in Persia, with particular reference to the strategic and political importance of securing that the future alignment of the Persian railway system should run from west to east, and not from north to south.

Monopoly Fund.

232. In the meantime a new element had been introduced into the situation by the success of the State monopoly on tea and sugar. This monopoly, which had been approved by the Majlis on the 30th May, was framed to provide a reserve fund or pool to be devoted exclusively to the purposes of railway construction. It was estimated that its yearly yield would total some 4,500,000 tomans, and already by the end of its first year, in spite of certain initial expenses, some 3 million tomans will have been encashed. The existence of this fund is a source of perpetual pride and joy to the Majlis, and has strongly confirmed their pre-existing antipathy to any further borrowing in foreign markets or to the grant of any further concessions to foreign capitalists. The full tide of optimism thus engendered, swelled as it was by the increased confidence inspired by the accession of Reza Shah, produced by the close of the year a flood of projects and prospects for the construction of a network of railways financed if not by, at least on the basis of, the new monopoly. As was inevitable, this excitement assumed a nationalistic tinge, and the demand became insistent that the first trunk line should run from sea to sea and should have as its termini a Persian port on the Caspian and a Persian port on the Gulf. The force accumulated by this wave of public interest was by then too great to permit of a horizontal alignment being suggested in place of the north-south alignment on which the Persian public had set their heart; all that could be hoped was that construction, if ever entered into, would be begun from the southern end at Mohammerah and that public excitement would have diminished, and public wisdom increased, before the line reached the zone of active Russian influence. Although, moreover, the American mission are likely to endeavour to secure all construction contracts for American industry, yet it is not impossible that the conception of an Anglo-American combine will again come to the fore, and that some share at least of the expected orders will fall to British firms.

Duzdap Railway.

233. Since the question of the disposal and future operation of this railway is likely to form the subject of negotiations during the coming year, it may be useful, in this annual report, to recapitulate the main elements of the problem and thereby to bring the story up to date. It will be remembered that, during the war, the Indian North-Western Railway system, which, until 1915, had terminated at Nushki, was extended to Dalbandin; and that, in order to meet the requirements of the British forces operating in Eastern Persia, it was still further extended, first to Mirjawa on the Indo-Persian frontier, and, finally, to Duzdap, 52 miles beyond the Persian border. This small section within Persian territory was completed in 1919 and the consent of the Persian Government to its construction was neither solicited nor obtained. With the conclusion of peace and the eventual withdrawal of all British forces from Persia, attention was inevitably drawn to the anomalous status of this small stretch of British railway on Persian territory. Between 1920 and 1925 the discussion of the problem has passed through three successive stages, and at the end of 1925 a fourth, and it is to be hoped, a final, stage was reached. (1) The first stage lasted from 1920 to the spring of 1922. During this stage the Persian Government,

regarding the Mirjawa-Duzdap section as a relic of successive affronts to Persian sovereignty, asked that it should immediately be removed. The Government of India, for their part, were not in principle disinclined to dismantle these 52 miles of railway, in view of the fact that it was being operated at a heavy loss, and that its protection entailed undesirable commitments. (2) By March of 1922, however, the statistics of the Duzdap customs had shown the Persian Government that the railway was serving an important economic purpose; they no longer, therefore, clamoured for its removal; it was evident that they desired only that it should be handed over to them. The Government of India, for their part, realising that the dismantling of the Mirjawa-Duzdap section would also necessitate the dismantling of the Mirjawa-Dalbandin section, and this at a dead loss of 77½ lakhs of rupees, began to consider whether this loss could not in some form be recovered or diminished either by rendering the whole railway a paying proposition or by inducing the Persian Government to purchase the small section on their own territory. Negotiations were, however, postponed owing to the desire of His Majesty's Government to use this railway question as a lever in their discussions for the settlement of the Persian debt. (3) The third stage, which lasted till the late autumn of 1925, was marked by a growing affection for the railway on the part of the Persian Government and an increasing distaste for it on the part of the Government of India. The latter were by now seriously perturbed by the consideration that the section within Indian territory from Dalbandin to Mirjawa was being operated at an increasing loss; they felt that although the Persian section might become a paying proposition, yet it was too much to expect that the Indian North-Western Railway system should maintain an expensive feeder for the sole profit of the Persian customs. Their disinclination was increased by the fact that the Persian authorities could not be trusted to maintain order in the Sarhad, and that the presence of an Indian trading community at Duzdap and of British employees on the line itself constituted a political and military commitment of a highly disquieting nature. Their apprehensions on this score were seriously increased by the tribal disorders which arose during the summer of 1925 and which are dealt with in paragraph 172 of this report. It was urged, on the other hand, that it seemed important not to dismantle a railway which might prove of early benefit to Indo-Persian commerce and of ultimate political and strategic value if ever the project materialised of constructing a trans-Persian trunk railway connecting Bagdad with Karachi. The correspondence which passed between the various British authorities concerned continued, during the early months of 1925, to centre on the following questions:—

- (a.) Should the whole line from Duzdap through to Dalbandin be dismantled?
- (b.) If not, how were the Government of India to be secured against loss on the Dalbandin-Mirjawa section, or against political commitments due to insecurity in the Sarhad?
- (c.) If the Persian section were presented as a gift to Persia, would she be prepared either to make good the loss on the Indian section, or at least to forgo in favour of the Indian section any profits which she might make on her own section?

234. These discussions were still proceeding when, in the autumn of 1925, a new and important element was introduced in the shape of the American Financial Mission. The latter had for some time past been considering a scheme for the construction of a light railway starting from the Duzdap terminus and running northwards so as to tap the rich agricultural resources of Seistan. This scheme, which, by November, had actually been included in a Bill for presentation to the Majlis, was essentially dependent for its success on the continuance of through rail connection from Duzdap, via Mirjawa, Dalbandin and Nushki, to Karachi. It became clear, on the one hand, that such an extension would profitably increase the economic potentialities of the existing railway, that is, not only of the Persian section to Mirjawa, but also of the hitherto barren railway from Mirjawa to Dalbandin; and, on the other, that it would be difficult for the Government of India now to dismantle the railway without causing bitter disappointment to the Persians and their American advisers. The attitude of the latter can be summarised as follows:—

- (a.) They were unwilling to raise awkward questions regarding the circumstances in which the Mirjawa-Duzdap section had originally been constructed or had since been operated.

- (b.) They fully realised the importance of security in the Sarhad and were anxious to assist in evolving some scheme by which the subsidies to the tribal Sardars could be provided with unfailing regularity.
- (c.) They considered it, on the other hand, morally incumbent on the Government of India, who had constructed the railway for strategic purposes, to maintain through connection to Karachi now that the line was likely to serve an essential Persian interest.
- (d.) They felt that a traffic agreement should and could be reached on a purely commercial basis, and not on the basis of the capital expenditure and overhead charges originally incurred on the railway as a war-time measure.

The Government of India, for their part, while showing some readiness reasonably to meet the American advisers as regards traffic arrangements, were unwilling to commit themselves by any definite assurance to maintain the feeder-line from Dalbandin to Mirjawa until the negotiations for the disposal of the Mirjawa-Duzdap section and the whole future of the through-line should have assumed a more concrete form.

235. By the end of 1925 such proposals and counter-proposals as had been exchanged had as yet been of a purely unofficial and tentative nature. It was expected, however, that at any moment the passage of the Seistan Extension Bill through the Majlis would lead the Persian Government to address to His Majesty's Government some official and specific request: no such enquiry had, however, been received by the end of 1925.

Julfa-Tabriz Railway.

236. The tender for two locomotives submitted at the end of 1924 by Messrs. Hawthorn Leslie of Newcastle was not accepted, and the order for these was placed with the Soviet Government. The working of the railway showed great improvement during the year and a substantial net profit was realised.

VI.—POSTS AND TELEGRAPHS.

Posts.

Persian Internal Postal Service.

237. This service continued to be spasmodic and inefficient, and repeated complaints were received from British traders. The postal service in the south was during the earlier part of the year almost entirely dislocated by weather conditions and by the suicide of the mail contractor. Petty pilfering was also complained of, especially in the post office at Bushire. All complaints received by the Legation were at once communicated to the Persian Government.

Bushire Agreement.

238. The Persian Government were again pressed to proceed with the ratification of the Bushire Agreement. Their disinclination to do so is probably due to their hesitation in this indirect manner to commit themselves to the recognition of Irak.

British-Indian Post Offices at Mirjawa and Duzdap.

239. Correspondence passed during the year with the Government of India and His Majesty's consul for Seistan and Kain regarding the reply which should be returned to the Persian Government in the event of their renewing the request made in 1924 for the removal of the exchange office at Duzdap and the Indian civil office at Mirjawa. A suggestion that the former might be placed under joint Perso-Indian management was not approved by the Government of India, who urged that the *status quo* should remain unaltered pending the settlement of the Duzdap railway question. It is to be hoped that the silence of the Persian Government in regard to these post offices implies that they tacitly share the view of the Government of India.

Russo-Persian Postal Convention.

240. The Russo-Persian Convention of the 25th April, 1923, was ratified by the Majlis on the 3rd February.

Air Mail Contract.

241. The contract entered into with the Junkers Company is dealt with in paragraph 410.

*Telegraphs**Outstanding Questions.*

242. Of the several questions outstanding at the end of 1924, three, namely, those of the Meshed-Seistan, Khanikin-Kazvin and Henjam-Bundar Abbas lines, have been disposed of during the year under review, such instalments as remain to be paid being deducted automatically by the Indo-European Telegraph Department from their current accounts with the Persian Government. A limitrophic agreement was signed on the 6th October between the Director-General of Persian Telegraphs and Mr. D. W. Gumbley, the Inspector-General of Posts and Telegraphs in Irak. This agreement comes into force on the 1st January, 1926, and on the same date the Irak Department of Posts and Telegraphs have agreed to close their telegraph office at Mohammerah. The Indo-European Telegraph Department have during the course of the year taken over the administration of the Duzdap-Mirjawa telegraph line. Although, therefore, satisfactory progress has been recorded in the settlement of the majority of these troublesome questions, yet no settlement has as yet been reached between the Indo-European Telegraph Department and the Persian Department of Telegraphs regarding either the pay and allowances of the staff employed on the construction of the Central Persian line, or the cost and rent of the buildings on that line. A more serious question which still remains to be settled is that of the Kerman-Bundar Abbas line. It will be remembered that the agreement signed in 1920 was never ratified, and that in the interval the abandonment of the proposed extensions to Jask and Lingah has necessitated a revision of the original agreement. This revised draft was prepared by Mr. New and submitted to the Persian Government, but they have persistently delayed coming to any decision in the matter. In the meanwhile, some doubt has arisen as to the wording of article 12 of the new draft. In the original draft of 1920 it was stipulated that accounts should be furnished in krans. In the new draft, however, no stipulation was made regarding the currency in which such accounts were to be furnished, as it was hoped that the Persian Government would not object to their being furnished in rupees. The Indo-European Telegraph Department were anxious to secure the comparatively stable basis of the rupee in view of the danger of subsequent kran depreciation, and they manifested some anxiety lest the vague wording of article 12 of the new draft might lead to subsequent misunderstandings. A suggestion has since been made that it might be possible to surmount the difficulty by merely recording in terms of rupees in articles 11 and 12 the total cost of the line and the payments due by the Persian Government thereunder. This point was still being discussed unofficially at the close of the year.

Wilful Damage to Indo-European Telegraph Department Telegraph Line.

243. Early in the year Sir Percy Loraine's attention was called by His Majesty's consul at Shiraz to the local resentment engendered by the fines levied for wilful damage to wires and insulators in the Province of Fars. An impression had arisen that these fines were exorbitant and capricious. Mr. Chick was able to produce statistics of the damage done, and the fact was disclosed that the greater proportion of such acts of sabotage occurred during the biennial migrations of the nomadic tribes, particularly the Kashgai. The military authorities appear to have been impressed by the verisimilitude of these statistics and to have undertaken to station extra guards along the line during the periods of migration. It is to be hoped that this precaution will lead to a diminution in the cases of wilful damage and of the complaints regarding the fines levied.

Convention with Soviet.

244. The Telegraph Convention between Persia and the Soviet Union, signed at Moscow on the 27th April, 1923, was ratified by the Majlis on the 27th January.

Reuter's News Service.

245. The maintenance of some British news service in Persia is of great importance to British interests, since without it Persian public opinion would be dependent for their knowledge of European affairs on the tendentious reports

disseminated by the Russian, and sometimes by the French and German wireless. Unfortunately, Reuter's new service cannot in present circumstances compete either in cheapness or rapidity with the services sent by Russian, French and German wireless. The high rate which they are obliged to charge and the delay which frequently occurs in transmission have not enabled them to increase their subscription list, which at present comprises only thirteen regular subscribers as compared with 200 subscribers to the French radio. An endeavour was made during the year to enable Reuters to reduce their subscription charges, by releasing to them direct a portion of the £400 annual subsidy paid for this service to the Indian Telegraph Administration. The Government of India were, however, unwilling thus to release the sum payable to the Indian Telegraphs, and, in fact, asked the Imperial Government to increase the moiety which they were already paying. The Foreign Office suggested, therefore, that it might in the end prove cheaper if a wireless receiving set were installed in the Legation capable of receiving messages from the Leaffield station. In the meantime, however, it became known that the Persian section of the Indo-European Telegraph Department had themselves ordered such a receiving set, and it was hoped that some more satisfactory arrangement might be made for the distribution of news through that agency. This set was, however, only received at the end of the year and was not in proper working by the 1st January. Meanwhile, arrangements have been made for the communication of Reuter's news free of charge to the "Messager de Téhéran," the only European paper published in the capital, and this will at least secure a wider distribution of British news.

*Wireless.**British Wireless Installations at Bushire, Henjam and Lingah.*

246. These stations were installed by His Majesty's Government between 1910 and 1912 at their own cost and without the previous consent of the Persian Government. In 1922 the Foreign Office, anticipating that our right to maintain these stations might shortly be questioned, suggested that negotiations might be opened with the Persian Government under which the latter would allow the Indo-European Telegraph Department to continue to operate, one-third of the charges levied being paid into the Persian exchequer. As, however, the Persian Government did not in fact raise the question, His Majesty's Legation refrained from taking any initiative, and matters remained as they were until the spring of the year under review. It then became known that the Persian delegates had been instructed to raise the matter at the International Telegraph Conference which was to be held in Paris. The Foreign Office suggested that the British delegates to the conference should be instructed in such an event to reply by pointing out that the stations were a present operated at an annual loss of almost half a lakh of rupees and by adding that should the Persian Government none the less desire to obtain possession, His Majesty's Government would for their part be glad to sell them the stations at cost price in return for a solemn guarantee that the service would be maintained at its present level of efficiency. In reply to this suggestion His Majesty's Legation warned His Majesty's Government that such a guarantee would be of little or no value, and might even lead to the employment of Russian or German operators in the Gulf ports; they suggested, therefore, that if and when the matter were raised at the conference, the British delegates, while making a passing reference to the Soviet wireless established in this country, should indicate that His Majesty's Government would be glad to discuss with the Persian Government the measures necessary to maintain these stations at their present level of efficiency. The Foreign Office, who had meanwhile received representations from the Admiralty, the Air Ministry, and several chambers of shipping, as to the necessity of maintaining this service at its present level of efficiency, approved the proposals of the Legation, and the British delegates to the conference were instructed accordingly. The conference had meanwhile been postponed from May until September, and on tabulating their protest the Persian delegates were informed that it was out of order and must be withdrawn. It is understood, however, that they intend to raise the matter again at the Wireless Telegraph Conference to be held in Washington during the course of 1926.

Other Wireless Installations in Persia.

247. The military wireless supplied to the Persian Government by Russia is dealt with in the military section of this report (paragraph 375). Apart from

these installations the Persian Government possess no wireless installations. A receiving and transmitting set is installed in the Soviet Embassy, and receiving sets are also possessed by the French Legation, the German Legation and the Indo-European Telegraph Department.

VII.—TRADE.

General Trade Conditions.

248. Although the foreign trade of Persia expanded during 1925, it did not do so to the extent one might have been led to anticipate in view of the gradual return to pre-war conditions which has been noticeable of late years, and the year as a whole is regarded by the merchant community as a disappointing one. Customs statistics it is true show an increase of 7·7 per cent. in the import dues and of 10 per cent. in the export dues, while the increase in the total receipts for the year was of 8·9 per cent., but the market in general has been chiefly characterised by the tightness of money, and towards the end of the year under review it gradually drifted into a state of complete stagnation.

249. On the one hand the consuming power of the people has been reduced by the badness of the 1925 harvest which has brought things to a serious pass in the area of the capital particularly, and has accentuated the unhappy results of the poor crop of the previous year. The scarcity of grain in its turn gave rise to a transport crisis by necessitating the requisitioning of all means of transport, which were deflected from the normal trade channels and required to carry as much as 70-90 per cent. grain for the service of the Tehran district, so that the transport left over for the carriage of merchandise was altogether inadequate.

250. There are, however, many other factors that have contributed to hinder the free flow of trade during the year. Till the time when it became difficult if not impossible to find transport to carry goods, the market was grossly overstocked, suffering in this respect from a perhaps unusually large overflow from the Bagdad market, which would naturally affect more especially the west and north. Such a plethora of stocks is of course particularly unfortunate in its consequences in a country where transport difficulties are of a nature to allow the merchant trading with Europe to turn his capital over only once in six-eight months.

251. Moreover, the serious tightness of money which must result from bad harvests in a country like Persia which, if one excepts her tapped oil resources, is purely agricultural and, owing to her inaccessibility, is dependent for her food supplies on her own production, was accentuated by the gradual depreciation of the kran in terms of the pound sterling (from 41·75-41·50 krans per £ at the beginning of the year to 43·75-44·25 krans at the end of the year) and of the rupee (from 316-312 krans to 100 rupees in January to 332-336 in December); secondly by the withdrawal from circulation and the replacement by good coin by the Imperial Bank of Persia of defective silver to the value of 4·2 million tomans out of a total silver currency in circulation and in the bank treasuries estimated at 25 million tomans, the unavoidable dislocation arising from this much-needed reform being accentuated by the ignorance of the peasantry, who to some extent failed to avail themselves of the facilities offered them for the exchange of bad coin by good and allowed themselves to be imposed upon and exploited by native money lenders; and thirdly by the accumulation of the revenue from the sugar and tea monopoly in the Treasury where it lies unproductive, pending its application to railway construction.

252. Besides these factors there are others of older standing which put spokes in the wheel of Persia's economic development. The lack of capital, of course, is chronic; it constitutes a disease which only security in its widest sense, and the inflow of foreign capital which is expected to follow its realisation, can cure. But even such capital as there is in the country fails to acquire its full powers of expansion and elasticity; if the banks refuse easy terms of credit, or refuse credit altogether, it is because experience has taught them that the Persian merchant is unreliable and speculative, that commercial morality in Persia is low, that recourse to the tribunals seldom gives satisfaction, in other words that the security which they as foreign capitalists exact is rarely forthcoming. And in addition, as has been said above, the transport problem, which at present looms larger on the horizon than ever, precludes rapidity of monetary circulation.

253. While the whole commercial situation in 1925 was dominated by the grain shortage in its effects and counter-effects, which were not without having political reverberations, attention should be drawn also to the continued existence of the differential tariff and to the dislocation of trade brought about by the enactment

of the Sugar and Tea Monopoly Law, or rather by the speculation which attended the passage of the Bill.

The Sugar and Tea Monopoly. Its History and Immediate Results.

254. Early in the New Year a Bill was laid before the Majlis by a group of Nationalist Deputies to provide funds for railway construction by establishing a Government monopoly of the importation and sale of sugar and tea. Merchants allowed to trade in these commodities would be called upon to pay a tax of 2 and 6 krans respectively on every batman of sugar and tea imported by them. The Bill also allowed for the engagement of a German railway mission to accomplish the preliminary survey required. The revenue to accrue from this Bill was reckoned at 2,500,000 tomans.

255. At the same time it was evident that the Persian Government cherished the intention of imposing a surtax on sugar, and His Majesty's Minister was actually sounded by the promoter of the scheme, the Minister of Public Works, in regard to the probable attitude of His Majesty's Government towards the measure. Later, when it became apparent that the Government realised the advantages of the monopoly, the private members' Bill referred to above was accordingly withdrawn, remodelled and presented to the Majlis in its new form by the Government on the 28th April. The Bill was finally passed on the 30th May and made retroactive to the 12th May. It declared that the purchase, sale and export of tea, sugar and sugar products was a monopoly of the Government; sanction to trade in these commodities would, however, be granted impartially, subject to a monopoly charge of 6 krans per batman in the case of tea and of 2 krans per batman in the case of sugar and sugar products, in addition to the ordinary customs duty and existing surtaxes; sugar and tea in transit to be excluded. The Government, however, reserved the right to issue the necessary permits and to operate the monopoly themselves should they choose to do so. This latter clause will in all probability remain a dead letter, the reservation having been made, it is thought, merely in case the Russians in the north created trouble by refusing to pay these charges, the advisers being seemingly fully aware of the dangers inherent to State enterprise on so vast a scale.

256. This Bill was originally designed by the Government to yield revenue for both road and railway construction, it being generally admitted that a network of metalled roads should precede rather than follow the building of a railway *réseau*, but the Majlis showed significant insistence on earmarking the revenue to be derived from the enforcement of this so-called monopoly for the latter purpose only, and the Bill itself stipulated that the Government should without delay submit to the Majlis a project for railway construction.

257. The Russians, as might be expected, showed a violent opposition to the Bill, and it is to the credit of the Persian Government that the pressure exercised by the Soviet Legation was successfully resisted. Not only the Russians, but Indian and Iraqi commercial circles, claimed that a period of grace should be granted in which to terminate existing contracts. The Government of Irak also showed signs of anxiety, owing to the supposition that the Persian Government would actually control the purchase of tea and sugar and discriminate against the Irak route. There was, however, no just cause for this apprehension, and the Persian Government wisely decided, in conjunction with His Majesty's Legation, that delay in enforcing the Act would only encourage speculation, with its resultant detriment to legitimate trade, and eventually the Act was made retroactive. Even so, importers, and particularly the Russian Trade Organisation, Persakhar, had had wind of the monopoly and taken steps to dump large stocks of sugar on the country, part of which only escaped the monopoly surcharge, so much so that it was computed in September that an eight-nine months' supply of sugar had accumulated in Persia.

258. His Majesty's Legation took all proper steps to minimise the effects of this act of legislation, the dislocation that necessarily set in in the period of transition being accentuated a hundredfold by the consequences of the speculation referred to. Steps were taken to allow the consignee to add the monopoly surcharge to the invoice price of the goods with a view to pass on the surcharge to the consumer. Unfortunately, the rise in prices which would have made this realisable did not occur on account of the abnormally large stocks on the market; on the contrary, prices rather tended to fall. Not only speculators, but legitimate holders of stocks, suffered in consequence, the blow being all the more serious inasmuch as it fell on a market which was already more than dull. To add insult to injury, the revenue collected

under this heading, which at the end of the year amounted to approximately 2 million tomans, was allowed to accumulate in the Treasury in expectation of being eventually expended in the construction of a railroad. The tea market suffered little in comparison from the effects of the monopoly, and the sugar market has been resuming its normal aspect. It is not thought that the consumption of either sugar or tea will be seriously affected by the monopoly law.

259. His Majesty's Government, taking into consideration the fact that British trade would probably gain the most by the development of Persia's communications, instructed His Majesty's Minister to inform the Persian Government that they held themselves justified in holding that the monopoly law contravened article 2 of the 1903 agreement, but that they, nevertheless, agreed to recognise the imposition of the monopoly surcharge subject to the following conditions: (1) That the surcharge be imposed equally on all frontiers; (2) that the proceeds of the surcharge be applied exclusively to railway construction. His Majesty's Government reserving to themselves the right to request that the surtax be cancelled if after a certain period no steps had been taken to commence such construction; (3) His Majesty's Government should have the option to demand that the surcharge be reduced should it be found that the consumption of sugar and tea in Persia sensibly diminishes.

The Differential Tariff.

Perso-Russian Negotiations.

260. The influence of the differential tariff on Persia's trade and finances and on Britain's trade with Persia in particular was dealt with fully in the 1924 report. It is not proposed therefore to reconsider this aspect of the question, but to give a sketch of the efforts made by the Persian Government and this Legation with a view to abolish the Russian differential.

261. The negotiations for a new Perso-Russian agreement to put an end to the anomalous situation arising from the application of a differential tariff to the northern frontier culminated in December 1924 in the drafting of fresh proposals, copy of which were obtained for submission to His Majesty's Government. These entailed a reduction by half of the sugar surtax, the loss of revenue from which measure was to be made good by imposing a general surtax amounting to 15 per cent. of the actual customs duties. Except for this contemplated reduction in the sugar surtax the new proposals only differed from those made earlier in the year in respect of a few items (bearing on textiles and oil products) none of which seemed to call for any objection on the part of His Majesty's Government.

262. The Persian customs computed that a tariff on this basis would have provided a surplus of 300,000 tomans in 1923-24, whereas, it has been estimated that the Persian Treasury loses a yearly revenue of 800,000 to 1 million tomans as a result of the differential tariff. However that may be, it was clear that this project for a new tariff depended on the reduction of the sugar surtax, on which point the Russian delegation showed itself obdurate. The whole *pourparlers* proved abortive therefore as soon as the Sugar and Tea Monopoly Law was enacted in May, as this law carried with it what one can only term a veiled surtax on these two commodities, amounting in the case of sugar to 2 krans per batman, whatever its origin and the frontier it happened to cross on entering Persia. Since then the Soviet Legation has refused to discuss further the question of the tariff although the new Soviet Minister to Persia on his arrival in June made a show of being desirous, under instructions from his Government, to settle this vexatious question.

263. Although the direct negotiations which had been initiated between the Persian Customs Administration and the Russian Legation broke down, His Majesty's Minister lost no opportunity of impressing upon the Government and the financial mission the importance and expediency of enforcing a uniform tariff on all the frontiers of the country. He experienced no difficulty in inducing individual Persian Ministers and Dr. Millspaugh to admit that the handicap from which our trade suffered as a result of the Russian differential gave us a legitimate cause of complaint, and he warned them that His Majesty's Government might feel themselves obliged to ask for most-favoured-nation treatment and insist on reverting to the 1903 tariff, all the more that Russian competition with its unfair advantage was daily growing stronger. It became clear, however, that the Persian Government were likely to maintain their attitude of timorous passivity, in any case till Persia's strong man felt himself strong enough to dispense with Russian support and take the tariff bull by the horns.

Russian Trade Activities.

264. Soviet Russia strove during 1925 to develop her position on the Persian market with a view to regain the former commercial predominance enjoyed by Tsarist Russia in North Persia and even further afield. Trade at a loss, in spite of the substantial preference which the Soviet derives from the application to the northern frontier of the 1903 as opposed to the 1920 tariff, has been combined with propaganda as heretofore with what must have proved to be a disappointing return. The extensive campaign of advertisement for the Nijni Novgorod Fair met with scant response, while the speculation in which the Soviet trade organisations indulged on the occasion of the passage of the Sugar and Tea Monopoly Bill by the Majlis in May must have been partly responsible for their financial stringency apparent two months later. The chief reason for this state of affairs, however, lay undoubtedly in the Russian adverse balance of trade which is growing in proportion to the greatly extended purchases (in cotton, wool, dried fruits, rice, skins, &c.) of the various Soviet companies in Persia, which the sales effected (of sugar, oil products, hemp, jute and cotton tissues) do not suffice to finance. Consequently the Russian Bank has found difficulties in buying back the *chervontsi* with which the Persian exports to Russia had been paid, but its actual refusal to do so in December was regarded as heralding an era of economic pressure aiming at securing political advantages, while the non-acceptance of *chervontsi* afforded at the same time all the advantages of a moratorium.

Russian Transit.

(a.) Rustrans (for German Goods).

265. Rustrans, a Russo-German organisation of which the head office is in Moscow, and which seems to be run on the lines of a Soviet concern although half of its capital is reputed German, continues to import German goods via Batum-Tiflis-Julfa, and Batum-Baku-Enzeli. Hitherto branches had been maintained at Enzeli, Resht, Tabriz and Meshed, but in September it extended the sphere of its operations to Tehran, where other German merchants have been complaining of the undercutting to which it has subjected them. The firm advertises its ability to carry goods from Hamburg to Enzeli via the Caucasus in fifty days, but in practice consignments take as long very often to reach Tehran by this route as those despatched via Bushire.

(b.) Irtrans (for Italian Goods).

266. Another company to enjoy facilities of transit via the Caucasus is Irtrans in virtue of an agreement reached between the Soviet and Italian Governments. The company is believed to be constituted out of Italian capital only, but the Soviet probably takes a share in the profits; it is nominally to carry Italian goods only to Persia and export Persian produce to Italy. The first consignment left Italy in June and reached Enzeli in thirty-seven days, but normally delays inevitably occur although the company pretends it can guarantee arrivals in forty days. Irtrans is thought to be doing good business, and the possibility of obtaining a similar concession for the transit through Russia of British goods has been raised, the Manchester Chamber of Commerce evincing interest in the question.

The Irak Transit Trade and the Khorramabad Route.

267. The Kermanshah customs receipts may be said to afford a fair indication of the prosperity or otherwise of Irak's transit trade with Persia; while the duty collected on exports increased by 16.8 per cent., the import duty levied at Kermanshah during 1925 only increased to the extent of 1.8 per cent. approximately over the previous year. It is seen, therefore, that the Irak transit trade has profited by the development of Persian exports, while it has failed to attract anything but a very small proportion of the expanded import trade of the country. Bagdad has ever been an important distributing centre for Persia, and the Iraki trader, with the commercial acumen that characterises him, has opened agencies in Tehran and the west of Persia generally, where he plays very often a leading rôle. It is a moot point whether the importance of Bagdad and the Iraki merchant in the economic life of Persia is likely to increase or diminish.

268. Irak naturally profited and helped to exploit the advantage which was given to British trade in the Persian market after the war, and conversely it must suffer from the present return to more normal conditions of trade and more especially

from the renewed, not to say embittered, competition set up by the Russians, in North Persia particularly. The great advantage which the Persian trader should find in using the Irak route is rapidity of transport. The Persian merchant who deals with England direct, however, argues, often erroneously, that the payment of transit dues outweighs the advantages of this route, this factor being more psychological than not, but what he certainly cavils at, with reason, is the dilatory methods of the Irak carriers and forwarding agents, the latter having been known to keep goods destined to Persia four months in their godowns, a delay which may cost the Persian importer 6-8 per cent. of his capital outlay on the consignment, and which necessarily drives him into choosing another route. Customs formalities in Irak, besides those to be gone through on Persian soil, inevitably result in delay also.

269. The Government of Irak is alive to the facts of the case, as is exemplified by the measures it has taken during 1925 to hasten and cheapen transit through Irak. The Irak Transit Law of 1924, which was first applied on the 1st January, 1925, stipulated that goods remaining in Irak less than six months should pay one-half per cent. in transit dues; 1 per cent. for six-twelve months; 2 per cent., one-two years, and 3 per cent. for two-three years. This law was at first not applicable to imports into Persia via Beirut, but the deficiency was made good by the Syrian Transit Agreement, which became operative on the 1st April, and which encouraged the rapid transport of goods to Persia by motor-car across the desert, the Persian importer of luxury goods and light piece goods, from France and Italy in particular, having been quick to avail himself of these facilities.

270. The establishment of a dual customs post at the Perso-Irak frontier would be a great boon to merchants. It would carry with it presumably the extension of the Bagdad-Khanikin Railway to the frontier post of Ketchel, to which point goods could be booked straight through from Basra and examined by the Irak and Persian Customs in the same building. Although the Persian Government does not seem radically opposed to the scheme, the necessary funds are not forthcoming, perhaps because there exists a school of thought that considers such a project detrimental to the interests of the All-Persian route, which it intends should short-circuit the Irak trade route. The introduction of a parcels post service, via Syria and Irak to Persia, would also benefit Irak trade, and this scheme, it is hoped, is approaching maturity; but the Irak transit trade will probably draw more advantage than from any other cause from the necessity in which Persia may find itself to discover an alternative outlet, which can only be through Irak, for the produce of Azerbaijan and Gilan, if the Russians, as seems to be indicated by their refusal at the end of the year to buy the chervontsi with which they have purchased this produce, should avail themselves of their virtual monopoly of the exports of these provinces to exercise economic pressure on the country.

271. The Khoremmabad-Burujird, or "All-Persian," route to Tehran and Hamadan, certainly constitutes a danger to the trade of Irak, but, in spite of a great deal of propaganda on its behalf by the Persian Government, only a few caravans used it during the year under review till one was pillaged in November. The Persian Government have not yet got the military situation completely in hand, and, until they have, security from the raids of Lur tribesmen is not likely to be more than transient. The four Russian engineers who are attempting to make this road carrossable were only supplied with funds for some eight months of the year, and then only at the rate of 7,000 tomans a month. The road was made passable for motor-cars from Hamadan to Khoremmabad, except for a short gap of 9-10 miles west of that town, when tools were downed for lack of funds. It is apprehended that levelling and metalling in the south will offer considerable difficulties, and the expenditure entailed in so doing is estimated at 400,000-500,000 tomans, a sum which the sixth Majlis will probably be asked to vote.

272. Irak's trade with Persia was hampered at various times by transport difficulties; in January, by the commandeering of means of transport on the Kerman-shah road, including a number of Iraki camels, by the army on account of the affray with the Sheikh of Mohammerah and his allies, and later on by the requisitioning of the Alimentation Service, from which, however, Russian trade suffered equally, if not more than that of Irak.

The Trebizond Route.

273. The frontier has repeatedly been closed by the Turkish authorities during 1925 to caravans proceeding from Tabriz to Trebizond by imposing quarantine regulations which aimed at restricting the carrying trade done by Persian charvadars

to the profit of their Turkish compeers. Although arrivals of Italian piece goods particularly were so heavy via this route at the beginning of the year as to affect the Hamadan market, dealing principally in Manchester and Indian goods, the Turkish tactics, which can only be looked upon as strangely shortsighted, have induced some Tabrizi importers to arrange for the transport of their goods via Bagdad, while the Persian Government are likely to look for an alternative outlet for the produce of Azerbaijan through Irak, both Russia and Turkey having proved such unreliable neighbours to Persia from the commercial point of view.

Motor Transport and Postal Contracts.

274. These two questions are intimately linked together because the Persian Government has realised the value of establishing postal services by motor between the most important towns and the motor transporter is more than glad to base his operations on the Government subsidy given to him as contractor. On the Tehran-Resht section the holder, an Italian named Marobbio, who is also the Fiat agent, discontinued the service when his subsidy fell in arrears in the summer; it was continued by the Ministry of Posts by means of fourgons till the contract was nominally given to the Military Bank in November. Owing to the latter's lack of rolling-stock, however, a temporary arrangement entrusted the carriage of the mails to Auto-Iran, an offshoot of the Soviet Trade Organisation, "Shark," which was inaugurated in the spring and which has enjoyed a virtual monopoly of motor transport on the Tehran-Resht road by the simple means of working, at a loss, at cut-throat rates. In December Auto-Iran, owing to the partial requisitioning of motor transport practised by the Alimentation Service, refused to carry the mails any longer, and the task became incumbent on the Alimentation Service itself.

275. The Eastern Transport Company, a Franco-British concern which has unfortunately proved itself to be a model of inefficiency, failed to secure the postal contract on the western route through the xenophobia of the Majlis and the appearance in the field of the Military Bank, which had decided to embark on a transport venture, and to which, backed by the all-powerful Reza Khan, was granted the Tehran-Khanikin postal contract by ministerial decree in August. As was fully expected, its efforts at motor transport organisation was calamitous, the high degree of technical knowledge required for an undertaking of this sort, in Persia particularly, being conspicuous by its absence.

276. It became known in April that the interests of the Eastern Transport Company might soon be merged with those of the Nairn Transport Company, which has been keeping up a passenger service between Beirut and Bagdad with a maximum of efficiency for some years past. The amalgamation was delayed through the opposition shown to the ratification of the former's postal contract, and later by the insecurity born of the disorders in Syria, though one of the directors of the group interested in the proposed combine visited Tehran in connection with the scheme. The companies were still working separately at the close of the year, and the Eastern Transport Company, which alone of the two operates in Persia, was then known to be on its last financial legs.

277. A British Indian subject attempted unsuccessfully to secure the postal contract on the Isfahan to Shiraz line, while a British firm established in Tabriz, which started running a motor service between that town and the capital, in spite of the badness of the road, is also a candidate for a Government mail contract.

278. The shortage of grain has brought about a sudden development in motor transport, the Alimentation Service having bought over 200 new and second-hand lorries abroad, the most valuable order, worth £25,000, being obtained by His Majesty's Legation for Messrs. Leyland. The scarcity of fodder for animals put motor transport at a premium, and the owners of lorries drove a thriving trade, rates having doubled in the space of a few weeks. The improvement in the roads necessitated by the carriage of grain by motor lorry on a scale unprecedented in the history of the country, the abolition of the import duty on commercial vehicles, the impending abolition of road tolls, are all factors that point to a prosperous future for motor transport in Persia and to the openings which undoubtedly exist for British lorries and for a well-organised British transport company.

Oil Products.

279. The Anglo-Persian Oil Company were still faced during 1925 with the attempt on the part of the Russians to cut them out of the southern market,

and that in spite of costs of production at Baku, which are said to be abnormally high. However, the Soviet is thought to have a large surplus of kerosine, and this Russian oil product was found as far south as Kerman and Shiraz, while it almost monopolised the Isfahan market for this commodity, a branch of Aznaft being opened in the latter town. The Anglo-Persian Oil Company, who are, generally speaking, badly served by their agents in South Persia, and who have hitherto paid scant attention to local requirements, are, however making a creditable effort to assert themselves. The shortage in Tehran and the west gave them the opportunity of selling their products in Tehran at a profit, but their organisation is still deficient, arrivals being irregular and insufficient. Their chief handicap lies in the transport problem.

280. In East Persia the Russians have the monopoly as far south as Birjand. In Seistan and Duzdap the Standard Oil, Burma Oil and Asiatic Petrol Companies share the market. It should be noted that the development of motor traffic has considerably increased the demand for petrol, and that the Standard Oil and the Anglo-Persian Oil Company have an agreement governing the sale of their products in Persia.

Cotton Piece Goods.

281. The poverty of the population has naturally resulted in a greater demand for coarser counts and a smaller demand for the finer Manchester goods. On the Shiraz market, for instance, Indian prints have largely ousted the English product. Manchester's attempt to use waste cloth to compete with the coarse black dyed Indian "jinn" seems to have proved unsuccessful, while India is turning out a better woven article. The competition from Indian goods in the south generally continues to be very fierce; it has also spread to the western market, where the agents of Reshti merchants largely buy Indian instead of Manchester goods for smuggling into Russia. Japanese Mexicans and T cloths have also driven the British off the southern market, while Japanese prints have made their appearance in Kerman.

282. The Russians continued to market cotton piece goods as far south as Kerman and Shiraz; in Isfahan their white shirting, soft muslin, crimps, two-colour and ordinary prints have found a good market, though towards the end of the year transport difficulties were such as to preclude Russian commercial activity in the south. In the north their activity was intense throughout the year. In December some of the British firms in Tehran feared that the print market was lost to England in view of the very large arrivals of Russian prints and the undercutting practised by the Soviet trade organisations. It is still doubtful, however, to what extent these Russian prints are truly Russian or manufactured in Manchester and adorned with Russian marks.

283. Italian piece goods continue to find a good and expanding market in Persia, that of Tabriz being virtually an Italian stronghold. The Italian manufacturer has been greatly assisted by the fall in the lira and cheap costs of production (*cf.* water power), while the authority granted to "Itrans" to transmit Italian goods through the Caucasus to Persia should give a fillip to the sale of Italian cotton goods in this country.

Commercial Legislation.

284. A Trade Marks Bill passed the Majlis on the 29th March, but it has not been put into execution owing to the fact that the commission appointed to draw up the required regulations has failed to agree; the *projet de règlement* elaborated with great care by the *rapporteur* of the commission, an Armenian lawyer called Dr. Aghababoff, was submitted privately to the Board of Trade and approved by the latter with a few unimportant modifications, but it was unfortunately pulled to pieces and stultified by M. Perny, the French legal adviser to the Persian Government. In the meanwhile the Customs declared themselves no longer bound to prosecute the users of fraudulent trade marks in virtue of article 28/6 of the *Règlement légal*, and at present the manufacturer or trader whose interests have been damaged by the illegal use of his trade marks, although he may have recourse to the tribunals, and perhaps induce the latter to put a stop to the practice, is deprived of the satisfaction of seeing the offender suitably fined or otherwise punished.

285. Throughout the year the case of the imitation of the tabloid products of Messrs. Burroughs Wellcome and Co. by a German firm which marketed the pseudo-tabloids in Tehran engaged the attention of His Majesty's Legation, only partial satisfaction being obtained from the Persian Government, which, in the absence of

laws, hesitated to intervene in the matter. Later, His Majesty's consul at Kerman reported that a local merchant was selling Russian oil products in Anglo-Persian Oil Company's containers; upon representations being made to the Government in the matter, instructions were issued to the Kerman police to ensure that this practice should cease forthwith.

286. The Bill which advocated the introduction of the metric system in Persian guise passed the Majlis on the 30th May. It will not become operative before three years have elapsed. (See section 265 of the report for 1924.)

287. The passing of the Commercial Law has been dealt with in another part of this report (paragraph 318).

Embargoes.

288. The embargo on the export of wheat and barley as well as of live animals was maintained by the Government.

289. An embargo was imposed on the import of second-hand clothing on sanitary grounds, while the export of uncleaned cotton was forbidden. The latter measure was said to be designed with a view to keep within the country the waste resulting from the ginning process for the purpose of cattle fodder and also to ensure a proper supply of seed; it actually aimed at preventing the Russians from exporting their cotton purchases in the raw state for ginning in Baku, thus filching the means of livelihood of a certain section of local labour. While mechanical gins exist in the north, cleaning is almost entirely done by hand in the south of the country, which looks to India for a market, and it is likely that the cultivation of cotton will be discouraged in that area in consequence. As has been mentioned elsewhere in this report, the agricultural policy of the Government leaves much to be desired.

290. The embargo placed on the export of lambskins in 1922 was raised in August 1925, a tax of 4 per cent. *ad valorem* being levied on the skins exported.

291. During the second half of the year a strong agitation in favour of an embargo on the import of luxury articles made itself felt, a Government commission being formed to study the question in conjunction with representatives of the merchant community, the partisans of the embargo showing themselves to be little versed in practical economics. A loss of 500,000 tomans to the Treasury would result, however, and it is expected that the proposal will not be allowed to materialise.

Proposed Legislation and the Agricultural Question.

292. Dr. Millspaugh in his economic reports often alludes to the possibility of introducing the income tax, a measure on which he has obviously set his heart, in spite of the failure of the American mission in 1924 to induce the Majlis to ratify an Income Tax and Profits Law (see section 262 of the "Annual Report on Persia for 1924"). When a new Income Tax Law is submitted to the Majlis it will probably be based on a system of voluntary assessment, merchants being divided into certain categories and each merchant being relied upon to inscribe himself, with due regard to his credit, in the highest category consistent with his means.

293. The American mission in their search for new sources of revenue would also like to complement a tax on incomes by one on "business and bargains."

294. The abolition of road tolls and navakel has been mooted before, but the project sketched by Colonel MacCormack allows for their replacement by a compounded road tax to be levied at the frontier on gross imports and exports according to a definite schedule. Appreciable advantages to trade are anticipated from the realisation of this scheme, the first being the improvement of existing and the construction of new roads to which the excess revenue to be derived from this tax, estimated at one million tomans yearly, will be entirely devoted.

295. The Revision of the Land Tax Bill, which engaged the attention of the Fifth Majlis for a considerable time and which, as the name implies, aims at a fairer incidence of the land tax, is symptomatic of the importance attached by the Government and the financial mission to the land question, Persia being primarily an agricultural country calling for the development of its natural resources. Besides this development, the question of substitute crops for opium will also arise in all its complexity if the Persian Government is to honour its undertakings *vis-à-vis* the League of Nations and civilisation in regard to the illicit drug traffic.

296. The opium substitutes under consideration are wheat, silk, tobacco, cotton, beetroot, tea, hemp, flax and dried fruits; there exists also the possibility of

encouraging the grazing of slaughter cattle and of sheep, a control over the breeding and shearing of the latter being imperative if adequate supplies of really good wool are to be supplied to the local carpet industry. At present carpet manufacturers import the best quality woollen yarn, mostly from Great Britain; if Persian wool has lost its old reputation it is chiefly due to the habit which continues unchecked of epilating slaughtered sheep and of mixing the wool thus obtained with the better qualities.

297. It is probable that an American agricultural expert will soon be contracted for and the foundation of an agricultural bank is also on the Government's programme, while constructive public works of agricultural import appertaining to irrigation for the most part are contemplated in Dr. Millspaugh's Economic Development Bill. Agricultural machinery has been declared exempt from import duty.

298. Whereas the Government have engaged a forestry expert and intend to engage a local horticulturist as a tea expert, they have not taken any practical steps to develop the area under cotton and more especially to improve the quality of the yield, cotton promising a far quicker return than tea on capital outlay and Persia being without a doubt a far greater potential grower of the first than of the second of these commodities.

Tobacco and Silk.

299. Subsequent on reports reaching His Majesty's Legation that the Persian Government intended developing the area under tobacco in the north considerably, besides sending a commission to Europe to study the prospects of finding a market for this Persian product (Tehran despatch No. 140 of the 19th March), a Tobacco Revenues Bill was presented to the Majlis and promulgated on the 17th March. An excise ranging from 2 to 5 krans per batman for tumbaki, between 5 and 12 krans for pipe tobacco (chupugh) and 8 to 18 krans in the case of cigarette tobacco was imposed according to the quality. In accordance with article 6 of the 1920 Convention the import duty on foreign tobacco was automatically raised to the same level.

300. In practice, it was found that the customs were taxing foreign tobaccos (the British Empire providing Persia with about 80 per cent. of her imports) irrespective of their quality to the extent of the excise stipulated for the best quality Persian tobacco under its various subheadings as above, for which course justification was sought in the need to protect the local industry and in the inability of the customs to distinguish between the various categories of foreign tobacco. His Majesty's Government instructed Sir Percy Loraine (Foreign Office despatch No. 629 dated the 10th December) to lodge a formal protest against the manner in which the Persian Government was applying the excise duty to foreign tobaccos. In view of the fact, however, that certain vested interests were strongly agitating in favour of an embargo on imports of luxury articles and that such a protest might draw undesirable attention to tobacco, His Majesty's Minister asked His Majesty's Government for authority to postpone this protest till such time as the situation became clearer.

301. If one is to believe the vigorous protests of the tobacco merchants, this excise is far in excess of their capacity to provide for it. A temporary agreement was reached with the Finance Department, according to which 44 krans per pood were paid instead of the full 90 krans. Even at that figure merchants complained they found no profit in the trade. Cultivators are consequently reverting to the culture of mulberry trees, which prosper in land prepared for tobacco. The silk trade of Gilan, which had been crushed by the war and was already showing signs of revival when the tobacco tax was imposed, is therefore likely to profit at the expense of tobacco. The Persian Government have appointed a silk expert to watch over and foster the industry, but, as will have been seen, the Government cannot be depended upon to practise wise husbandry.

302. The question of the duty imposed by the Government of Irak on Persian tobacco still formed the subject of correspondence between His Majesty's Legation and His Majesty's High Commissioner for Irak on the one hand, and His Majesty's Legation and the Persian authorities on the other (see sections 225 and 226 of the 1924 report), the Persian Government maintaining the same uncompromising attitude in the matter.

Hydro-Electric Schemes.

303. When, as a result of the negotiations undertaken by His Majesty's Legation, the Persian Government had been brought to the point of accepting the

offer of Messrs. Armstrong Whitworth to carry out the preliminary survey for the construction on behalf of the Persian Government of a hydro-electric station designed to bring light and power to the town of Tehran, the Administrator-General of the Finances imposed his veto, on the grounds that such a scheme formed part of his programme of economic development to be embodied in a Bill which he was to submit to the Majlis in the near future. Constructive schemes of this magnitude, he objected, could not be embarked upon piecemeal; as a consequence, Messrs. Armstrong Whitworth's concrete proposals were temporarily shelved. It is confidently hoped, however, that British firms will, when the occasion arises, be given every chance of competing for tenders on equal terms with their foreign competitors.

VIII.—CONSULAR AFFAIRS.

Personnel.

304. Personnel—

His Majesty's vice-consul: Up to the 20th October, 1925, Mr. T. V. Brennan.
Acting for Mr. Brennan: From the 21st October, 1925, Mr. A. C. Trott.
Probationer vice-consuls—
From January to April, Mr. E. R. Lingeman.
For part of July, Mr. A. W. Davis, temporarily in Tehran on tour.
From August to end of year, Mr. J. C. O'Dwyer.

Consular Fees.

305. Consular Fees—	£	s.	d.
March quarter	125	10	5
June quarter	133	12	2
September quarter	146	15	4
December quarter	170	6	6
Total	576	4	5

an amount which is greater by £238 7s. 6d. than the fees taken in 1924. The increase gives an indication of the greater volume of work performed by the vice-consulate. This increase was especially remarkable in respect of visas. The total fees taken per quarter for visas are shown below—

	£	s.	d.
March quarter	70	5	6
June quarter	103	18	6
September quarter	121	6	6
December quarter	137	13	6
Total	433	4	0

Registrations.

306. During the year 127 persons were registered as British subjects. A record, for the information of the vice-consulate, of the persons of the following nationalities was also kept during the year: Iraklis, Austrians, Czechs and Estonians.

Passports issued.

307. Thirty-five British passports were issued during the year.

Births, Marriages, Deaths.

308. The register shows the following entries:—

Births	3
Marriages	Nil.
Deaths	3

Work of the Vice-Consulate: General Review.

309. The time of the vice-consulate has been taken up principally with the following duties:—

(a.) Accounts.—The account of extraordinary disbursements; the consulate-general account, for Tehran, Hamadan and Resht; treasury officer's duties for the Government of India, including Tehran monthly cash account, annual budget, escort accounts, pensions and repatriation disbursements, &c.; Gulhek village administration, and Legation garden.

- (b.) Visas and other routine duties, such as notarial acts, certificates, &c. The increase in fees taken has been commented on above.
- (c.) Exemption passes and miscellaneous correspondence with Persian authorities and others.
- (d.) Court cases, with Foreign Office tribunal.
- (e.) A great many petty disputes, money claims, &c., were brought daily to the vice-consulate for settlement, and most of them are settled out of court as expeditiously as possible.
- (f.) Administration of Gulhek village, including protection of Gulhekis, and land registry, for all transactions affecting Gulhek properties.
- (g.) Affording good offices to Iraklis and Palestinians. The number of the persons in the former category is increasing rapidly, and although they are entitled only to the good offices of consular officers in Persia, their affairs take up a great deal of time, and cause probably as much correspondence as if they were officially protected.
- (h.) Rendering various annual and monthly returns and keeping the register and archives of the vice-consulate.
- (i.) Various duties connected with the provisions of the Persia Order in Council 1889, and subsequent orders, e.g., administration of estates of British subjects deceased in the jurisdiction, &c.
- (j.) Legation internal economy.
- (k.) Affairs of the Kurrami butcher community.

Consular Courts.

310. No formal consular court was convened during the year.

Provincial Consular Court of Kermanshah.

311. *Menashi Hezkel v. Sardar Khan.*

The defendant in this case applied in January for leave to appeal. In conformity with the provisions of the Persia Order in Council 1889, paragraphs 219-223, he was informed that an appeal to the court of the consul-general, Tehran, would lie. He was instructed in the first place to hand over to the consular court at Kermanshah the bank receipts, duly endorsed, for the moneys deposited by Sardar Khan either in his own name or in that of Fakhr-ud-Din. This he did not do.

312. The next development was that a certain person named Fakhr-ud-Din appeared and claimed the sum deposited in the Imperial Bank of Persia in the name of Fakhr-ud-Din. He claimed the money as being his own, and filed a suit against the Imperial Bank of Persia. The bank having to pay away the money in accordance with instructions issued from the consular court, His Majesty's consul protested against the bank's being made a party to the suit. The Karguzar upheld the protest, but held an enquiry into the claimant's title to the money, and His Majesty's consul was satisfied that further evidence produced at this enquiry showed conclusively that the money had been originally deposited with the bank by Sardar Khan. The Karguzar gave judgment that Fakhr-ud-Din had not proved his title; and fifty days after this judgment, no appeal having been received, wrote officially to the bank (through His Majesty's consulate) authorising them to hold the money at the consulate's disposal. The money was then paid by the bank to Menashi Hezkel. Fakhr-ud-Din subsequently made an appeal through the Tribunal of the Ministry for Foreign Affairs, Tehran, against this judgment of the Kermanshah Karguzar, but his appeal appears to have been made too late to be accepted.

Iraklis: Precedent regarding Registration of Marriage.

313. Najib Ghanima, an Iraqi Christian Catholic citizen, applied to His Majesty's vice-consul in April for permission to be married under the provisions of the Foreign Marriages Act in the vice-consulate, to Georgette Protiva, a Czechoslovak national, also a Catholic. They were informed that such a marriage under the Act was not possible; reference was made to the Foreign Office and the High Commissioner at Bagdad.

The marriage was eventually celebrated at the Catholic Church at Tehran, His Majesty's vice-consul assisting as a witness and officially endorsing the marriage register and the several copies of the certificate of the marriage entry. One such certified copy was given to each of the contracting parties, one copy was sent to His

Majesty's High Commissioner at Bagdad, and one copy was retained in the documents deposited in this vice-consulate. This procedure was approved by His Majesty's High Commissioner.

Tribunal of the Ministry for Foreign Affairs.

314. His Majesty's vice-consul attended sittings of the tribunal as usual. A record of the progress of the eight principal cases cited in the 1924 annual report is as follows:—

- (1.) *Sembat Avakof v. the Imperial Bank of Persia.*—Nothing more has been heard of this case.
- (2.) *Imperial Bank of Persia v. Haji Mohammed Ibrahim Kermanshahi.*—A judgment was obtained in favour of the bank, but up to the end of the year had not been executed, and the defendant showed signs of claiming that the property he had mortgaged originally belonged not to him but to his wife, and therefore he could not have mortgaged it.
- (3.) *Imperial Bank of Persia v. Khane Khanan.*—Technical objections were raised by the bank to the judgment as issued in its original form, and necessary alterations were finally made.
- (4.) *Rais-ul-Islam v. Imperial Bank of Persia.*—The appeal of the bank is still under consideration.
- (5.) *Oriental Carpet Manufacturers, Limited, v. Fath-es-Sultaneh.*—This case appears to have been settled out of court.
- (6.) *Roditi and Company v. Sofer.*—This case has also been settled out of court; the advocate of the company, Dr. Aghayan, brought a case against his principals for fees, as he considered himself responsible for the settlement, but finally withdrew the claim.
- (7.) *Mirza Shukrullah Faturehchi v. Messrs. Ziegler.*—This suit has progressed considerably since last year, as the defendants have employed an advocate who has discovered a number of errors and omissions in the accounts as submitted by the claimant, and it now appears that the latter is the debtor and not the creditor. No judgment had been obtained by the end of the year.
- (8.) *Messrs. Law Russell and Company v. Teheranchi Brothers.*—No fresh developments occurred in this case.

Other Court Business.

315. Messrs. Lynch's claims are still being examined.

An old case, between Messrs. Ziegler and Mohammed Reza Isfahani, turning on the interpretation of two contracts and subsequent accounts, was revived during the year. It was finally decided to conduct an examination of accounts of the two parties from the beginning.

The case of Haji Nasser-es-Sultaneh, against whom the Imperial Bank of Persia obtained a judgment in 1922 for the repayment of certain advances, or failing repayment, of sequestration and sale of pledged properties, was also heard of again during 1925. The executive department of the tribunal made great difficulties in connection with the sale of the properties. After a vast amount of negotiation the bank appeared inclined to accept a proposal made by the debtor to pay instalments of 4,000 tomans every six months.

Several time-honoured cases in which the Imperial Bank of Persia are concerned were brought up again during the year. A number of disputes in which the parties were British-Indian subjects, or British protected persons such as Kurramis, were also heard during the year in the tribunal.

Kurramis.

316. The community of Kurrami butchers, in Tehran and district, were during the year extremely dissatisfied with the administration of their affairs by the officials of the Municipality of Tehran, and by the Military Governor, who fixes the price of their meat. They also complained of the action of the municipality in raising the conversion rate of intestines, which they have to pay to the Persian Government, and which was previously fixed at 1 kran per intestine by a formal agreement made in 1915 between His Majesty's Minister and the Minister for Foreign Affairs, to 2½ krans in addition to a further half kran for slaughter-house dues. The matter was taken up by His Majesty's Minister with the Ministry for Foreign Affairs.

Ottoman Bank.

317. As the result of replies furnished by the British and French Legations to queries from the Persian Minister for Foreign Affairs concerning the status and capital of the Ottoman Bank, the Persian Government formally recognised on the 11th April, 1925, that the bank's nationality was foreign, and therefore that cases connected with it should be heard in the Tribunal of the Ministry for Foreign Affairs. The bank's affairs in Persia are entrusted to joint British and French diplomatic protection, but consular protection and jurisdiction is afforded by the French authorities alone.

New Commercial Code.

318. During the year the Majlis has passed a new Commercial Code, drafted principally by M. Perny, the adviser to the Ministry of Justice. It is very detailed, and cannot be said to be fully in force in Persian courts as yet. Neither the French nor the British Legation have as yet made any decision concerning the acceptance of the code or any part of it as far as their nationals are concerned. Certain sections of it, notably the section relating to bankrupts, are decidedly at variance with the present rights and privileges of foreign subjects as established by practice and by *firman*. Apart from this, the law, as could be expected from the rate at which it was passed through the Majlis, shows signs of hasty drafting and impracticability; no doubt it will have to be revised.

Foreign Office Tribunal.

319. During the year 1925 the tribunal of the Ministry for Foreign Affairs, under the presidency of a newly-appointed official named Furuhar, showed signs of a slightly more efficient and more business-like attitude. Intrigues against the new president were instigated by interested parties, but the Minister for Foreign Affairs took a firm stand against such interference.

Court Fees.

320. In order to avoid as far as possible the system, hitherto common, whereby Persian subjects could bring forward a claim for a large amount against a British subject merely by filing a petition in the tribunal with only a 2-kran stamp thereto attached, a scale of fees, arranged on a percentage basis, was proposed by the tribunal, and, after consultation with the heads of other Powers enjoying capitulatory privileges, accepted by His Majesty's Legation.

321. Original petitions, in financial cases of an assessable nature, will have in future to be accompanied by tribunal fees of $\frac{1}{2}$ per cent. of the amount claimed therein. A sliding scale of advocates' fees was also laid down on the following lines: in claims of value from 1 kran to 500,000 krans, the advocates' fees will be 3 per cent. in the Court of First Instance, and 2 per cent. in the courts of appeal; from 500,000 to 1 million krans, these become $2\frac{1}{2}$ and $1\frac{1}{2}$ per cent. respectively; for greater amounts still, 2 per cent. and 1 per cent. are chargeable.

Legal Domicile.

322. The question of legal domicile in Persia was raised in connection with a matrimonial dispute in which one of the members of the Indo-European Telegraph Department sought a divorce. On the matter being referred to the Foreign Office and the India Office, it was pointed out that His Majesty's consular court in Persia had, by virtue of article 70 of the Persia Order in Council, 1889, jurisdiction in matrimonial causes, "except the jurisdiction relative to dissolution or nullity or jactitation of marriage." As, however, a recent decision of the House of Lords had established the principle that in law a British subject can acquire a domicile in a country in which His Majesty exercises extra-territorial jurisdiction, and therefore may not be able to obtain a divorce in the courts of any other country, the question arose whether an amending order should not be passed deleting article 70. Information from consuls concerning the number of British subjects who would be affected by such an alteration was requested, it being pointed out that a British subject would not be deemed to be domiciled in Persia unless it was his intention to make Persia his permanent home. The number of persons who would be affected by the proposed change is certainly not large. The discussion of the matter of divorce revealed the fact that the Indian Divorce Act, 1869, section 2, provides that an Indian court could only grant relief if the petitioner resided in India at the time of presenting the

petition, and that a court in India can grant a decree of dissolution of marriage only if either the marriage had been solemnised in India, or the adultery, &c., complained of had been committed in India.

Imperial Bank of Persia's Claims on the Persian Government.

323. In June a commission was arranged to examine the claims of the Imperial Bank of Persia against the Persian Government on account of damages and looting sustained by the bank at the hands of Persian gendarmerie troops and various German, Austrian and Russian agencies during the war. The commission was composed of the Minister for Foreign Affairs, the Ministers of Finance, Public Works and Justice, with two representatives from the bank.

324. The Persian Government representatives reiterated the point of view that the losses were suffered through *force majeure*. The bank cited the "Alabama" case in connection with the duties of the Governments of neutrals who intervene in belligerents' affairs; the bank referred also to the Act of the United States Congress of 1794 and the Treaty of Washington. The commission reached no definite conclusion.

325. On the bank's submitting their usual half-yearly reminder in respect of their above-quoted claims for looted and evacuated offices, the Ministry of Finance replied that these claims cannot be taken seriously, a view against which the bank strongly protested.

326. The manager of the Imperial Bank of Persia informed the Legation in January that his board of directors were very concerned at the lack of interest displayed by the Persian Government, adding that, unless a serious effort were soon made to come to some arrangement, the whole question of the bank's position in Persia would have to be considered. This letter referred not only to the claims for looted offices, but also to certain outstanding claims in connection with judgments obtained but not executed, as in the cases of Haji Nasser-es-Sultaneh and Kermanshahi, which are referred to in paragraph 314.

Imperial Bank of Persia's Advance to Mushar-ed-Dowleh.

327. Correspondence took place during 1922 concerning an advance of 21,000 tomans made by the Imperial Bank of Persia to Mushar-ed-Dowleh in 1920 on the recommendation of Sir Percy Cox. The loan had not been repaid, and was accumulating at 12 per cent. interest. The borrower had, however, suffered considerably during the time of the irregular operations in the south of Persia during the war, his properties having been greatly damaged. By the end of the year a settlement seemed to be in sight.

Imperial Bank of Persia v. Amir Mukarram.

328. Much correspondence took place, but little progress was made, towards the settlement of this claim. The bank had advanced a sum of some 40,000 tomans to the Amir, on the security of his Mazanderan properties, in the year 1912. In spite of decisions in the bank's favour, given both by the Ministry for Foreign Affairs in 1914 and by a legalised judgment of the tribunal of the Ministry for Foreign Affairs in 1921, no real progress was made towards a settlement, except that the bank's branch at Barfurush took over as their premises one of the Amir's houses in that town. Two villages in the vicinity of Barfurush, named Shahkuti and Kuhnehdan, had been, it appears, fraudulently made over for no consideration by the Amir to his son Azim-ul-Mulk in 1922, and they had been sold by the son to a certain Fazil-ul-Mulk, who brought a suit in the tribunal against the bank for restitution of the properties.

Marriage of Mr. Lalwani.

329. Mr. P. R. Lalwani, a British-Indian subject professing the Hindu faith, applied in June 1921 for permission to be married at this consulate-general to a woman of Russian origin named Elena Petrovna Rodenko, under the provisions of the Foreign Marriage Act.

330. Reference was made to the Government of India, who replied that such a marriage, if celebrated in India, would not be recognised as valid unless solemnised under section 5 of Act 15 of 1872; whereas, if celebrated in Tehran, the marriage would not be considered as a valid civil contract in India.

331. The marriage was accordingly not performed at this consulate-general.

332. Mr. Lalwani then went through a form of marriage before a Persian mullah. The parties signed in his presence a document by which they purported to swear that there was no impediment to their union and mutually agreeing to marry. The mullah set his seal in the margin to a certificate of which the following is an English translation:—

“The husband and the wife, after being identified in the Shar'i court, confessed to the above marriage contract and both signed (it).”

333. His Majesty's Minister, at the request of the parties, enquired through the Foreign Office whether this contractual marriage could be considered as binding according to Indian law, and whether, in consequence thereof, British nationality was therefore conferred on the woman Elena Petrovna Rodenko.

334. The secretary of the Public and Judicial Department of the India Office gave the Government of India's opinion that the marriage was not invalid for all purposes, owing to the fact that Act 30 of 1923 had altered the position considerably.

335. His Majesty's Secretary of State for Foreign Affairs then, with the concurrence of the Secretary of State for India, authorised His Majesty's Minister to furnish the woman with a British passport.

Astarabad.

336. The position of Hussein Kuli Agha, consular agent at Astarabad, has been regularised during the year 1925 by the issue of a formal letter of appointment for him. His salary, in view of his long service and of the great increase in the cost of living which has taken place in Astarabad since he was first appointed twenty-seven years ago, has been increased by 10 tomans to 35 tomans per month.

337. Certain complaints against the arbitrary action of the military authorities in the Astarabad district were forwarded by the consular agent during the summer, but on the matter being referred by His Majesty's vice-consul at Resht to the commander of the Northern Brigade the causes of complaint were removed.

Consular Moves, &c.

Ahwaz.

338. When Captain E. G. Peel vacated the post of His Majesty's consul for Khuzestan it was transferred to the Levant Consular Service. Mr. H. R. D. Gibbon-Monypenny assumed the duties of His Majesty's consul on the 9th April. The post of His Majesty's vice-consul was retained on the Indian cadre as a temporary measure. The question of retaining the post under the jurisdiction of the Persian Coast and Islands Order in Council was raised and answered in the affirmative, it being found desirable that the Indian Penal and Civil Codes should continue to be administered in the Ahwaz consular district. Mr. Monypenny was gazetted a judicial assistant.

339. It was at one time thought possible that the Persian Government would transfer the headquarters of the provincial administration to Mohammerah, in which case it might have been preferable to transfer the consulate to that town. His Majesty's Minister was, however, definitely informed in November by the Provisional Head of the State (as Reza Shah was at that time styled) that Ahwaz would undoubtedly remain the capital of the Province of Khuzestan and the seat of its Government. It seems certain, therefore, that the consulate will remain in that town.

Duzdap.

340. It was decided during the course of the year that the jurisdiction of His Majesty's vice-consul should be coterminous with that of the Persian Governor. After some discussion with the Ministry of the Interior regarding the limits of the latter, it was decided that this jurisdiction included the railway as far as Mirjawa, which was therefore allotted to the Duzdap vice-consulate district, under the supervision of His Majesty's consul for Seistan and Kain.

Hamadan.

341. On the 18th March Mr. A. S. Calvert of the Levant Consular Service took over charge of His Majesty's vice-consulate at Hamadan from Mr. Coffey, of the Imperial Bank of Persia, who had previously been British vice-consul there.

Seistan and Kain.

342. Mr. B. J. Gould was succeeded as His Majesty's consul by Major G. T. Fisher on the 21st January.

Tabriz.

343. The death of Mr. Newton Worrall, His Majesty's consul, Tabriz, occurred suddenly while on tour on the 30th April. Mr. B. Gilliat-Smith was appointed to succeed him, and took over charge of the post on the 1st August.

Stuart Memorial College, Isfahan.

344. Epidemic prejudice exists among the local ulema against the college. In May the karguzar wrote to His Majesty's consul-general at Isfahan saying that the ulema objected to the fact that the Bible was studied at the college in both English and Persian, while the Koran and other Islamic Holy Books were not taught. The ulema, he stated, had complained that Moslem children were thus influenced towards Christianity, and demanded that they should be taught the Koran and the "Jameh Abbasi" instead of the Bible and that the teacher should be selected by the ulema. His Majesty's consul-general replied that no pressure was brought to bear on non-Christian pupils to become Christians, that parents presumably knew the lines on which the college was conducted when they chose to send their children to be educated there and could take them away if dissatisfied. He added that it was outside his province to instruct the principal of the college what to teach and what not to teach.

345. Later, an attempt was made by the ulema to induce Moslem parents to withdraw their children from the college, by threatening that otherwise their seals and their oaths would be considered invalid, the ceremony of marriage would not be performed for their children, the ulema would not perform notarial acts for them and other Moslems would be absolved from guilt if they lied when speaking on oath in matters concerning them. These threats appear to have entirely failed to produce the effect intended.

The Hospitals of the Church Missionary Society.

346. Applications for exemption from customs dues of building materials and hospital stores have been received by His Majesty's Legation and transmitted to the Persian Government. They have on the whole received favourable consideration.

British Cemeteries and Graves.

347. The representative for Persia of the Imperial War Graves Commission, Captain H. St. J. Mungavin, visited Persia at the beginning of the year, and inspected cemeteries and graves at Kermanshah, Hamadan, Kazvin, Menjil, Resht, Enzeli, Bandar Abbas, Jask, Iljenjam, Bushire and Mohammerah. The decisions taken by the commission on the various recommendations submitted by Captain Mungavin are not known. In many cases, notably that of Kermanshah, he was only able to recommend that the graves should be completely obliterated, owing to the state of dilapidation into which they had fallen, the impracticability of identifying the individual graves accurately and the difficulty of ensuring the safeguarding of them from damage in the future.

348. He discussed with His Majesty's Minister the form which the memorial to British officers and non-commissioned officers whose graves are unknown should take, and it was proposed to the Imperial War Graves Commission that the most suitable memorial would be a series of brass tablets bearing the names and particulars of those commemorated with a central commemorative tablet, to be placed in the English Church at Isfahan. It was suggested that the memorial to Indian officers, non-commissioned officers and men who were killed or died in Persia during the war should take the form of a brass tablet to be erected in the Residency at Bushire.

349. *Shiraz.*—The cemetery formed in 1917 at Shiraz was the subject of discussion with the Foreign Office during the year. His Majesty's consul at Shiraz enquired whether the Imperial War Graves Commission would make an annual grant for its upkeep and assume responsibility for necessary repairs, as great difficulty was experienced in maintaining it. He also asked whether the cemetery should be regarded as a British military cemetery exclusively, as a cemetery for all Christian British subjects only, or for all Christians, and who should be entrusted with the charge of the cemetery, His Majesty's consul, the Church Missionary Society or a

committee of local British subjects. A grant of £15 was received from the Imperial War Graves Commission, who proposed that permanent arrangements for the care of the cemetery should be considered after it had been visited by their representative. No further decision was reached by the end of the year.

IX.—CLAIMS.

Urumia Lake.

350. As foreshadowed in last year's report, this question was finally settled on the 17th February, when the sum of 320,000 tomans was paid by the Persian Government to Messrs. Stevens and Boudaghiantz, who in return renounced all claims to shipping rights on Lake Urumia, and ceded to the Persian Government all their ships, warehouses, stores, landing stages and all material in their hands necessary for the performance of navigation.

351. A *procès-verbal* in duplicate detailing the arrangement which governed the cession of the property in question was drawn up and copies were exchanged between the Persian Government and His Majesty's Legation in July.

Tunakabun Timber.

352. No progress was made with this case during the year, and Mr. Richards was still unable to extract from the Persian Government the contract transferred by the Bank d'Escompte to the Bank-i-Iran. Towards the end of the year Mr. Richards, on the advice of His Majesty's Legation, was busy putting his case into legal order and obtaining the necessary affidavits.

Cox Murder.

353. The circumstances of this murder were dealt with in the annual report for last year. During the earlier part of 1925 His Majesty's Minister's efforts were directed towards securing suitable provision for the widow of Mr. Cox, who had been left practically penniless. At first it was considered that a sum of 20,000 tomans should be paid by the Persian Government, of which 4,000 tomans might be deducted and paid as compensation to the relatives of the Persian whose death had been hastened by the blow dealt him by Mr. Cox. Considerable opposition to this solution of the difficulty, however, developed in the Persian Cabinet, Serdar Moazzam (Taimourtache) in particular insisting that a monthly allowance to Mrs. Cox of, he suggested, 60 tomans, until such time as she remarried, or until her expected infant came of an age to support her, would be preferable. Realising the precarious financial future of Mrs. Cox, should she have to depend for a living on a Persian pension, His Majesty's Minister strongly combated this solution, and insisted on the payment of a lump sum. The situation was further complicated by the fact that His Majesty's Government had in the meantime incurred an expense of £86 in respect of the repatriation of Mrs. Cox, which they naturally wished to recover from the Persian Government.

354. Eventually, on the 12th March, and after strong pressure had been brought to bear, the Minister for Foreign Affairs intimated that the Persian Government, "in order to show its benevolence towards the widow of Cox," was willing to pay out of the budget of the financial year beginning on the 21st March, 1925, a sum of £3,086, of which £3,000 was destined for Mrs. Cox and £86 for His Majesty's Government, and this sum, after His Majesty's Government had expressed their willingness to accept it on behalf of Mrs. Cox, was in fact handed over on the 20th May. No mention was made of any compensation to the family of the Persian who had died, and it is probable that none was ever paid.

355. The affair was thus happily terminated without unpleasantness, and it is to be hoped that the payment of so considerable a sum will have the effect of making the Persian Government increasingly anxious to secure the safety of travellers on the main trade routes. A further satisfactory result lay in the fact that the murderer was eventually captured by the local Persian military, and the last that was heard of him was that he was in confinement.

Assault on Roberts, Anglo-Indian Mechanic.

356. This man was fired at while sitting in his house at Bushire on the night of the 19th March and wounded fairly severely, his assailants apparently leaving him for dead. The reasons for the attack were never disclosed; nor, although the local military arrested five men some time after the event, did there seem to be any

very strong presumption that these were in fact the culprits. Roberts was, however, a Moslem, married to a gypsy woman belonging to a local tribe; and it is consequently possible that some difficulties in this connection were responsible for the outrage.

357. The affair was complicated by a quarrel between the Governor of Bushire and the local officer commanding troops, and by the refusal of the karguzar to attend any court of enquiry other than that which might be formed in his own court—a contention for which, it would seem, he had considerable legal justification, but which he was compelled to abandon on receipt of orders from Tehran.

358. His Majesty's consul-general then raised the question of compensation, and suggested that 600–1,000 tomans would be sufficient. His Majesty's Minister was not at first altogether convinced that any compensation could be formally claimed in the circumstances; but subsequently, on receipt of further details from Colonel Prideaux, agreed to request a grant in compensation, suggesting that it should be levied from the tribe to which Roberts's wife belonged, and to which there was a strong presumption that the assailants also belonged. The military authorities succeeded for some time in evading the payment of this compensation, in spite of orders to do so issued by the Ministry of War; but finally, on the 8th August, 600 tomans were collected and handed over to His Majesty's consul-general, and the matter thus satisfactorily ended.

Claim of the Persian Transport Company against the Persian Government.

359. This claim is in respect of £75,900 18s. 6d., the amount of capital said to have been expended on the construction of the Tehran-Kum road by the Persian Transport Company, plus the value of portable equipment seized by the Persian Government when the company's sixty years' concession (of which only thirty-two years had run) was cancelled in November 1920. At the beginning of the year the position was that the company had agreed to a reference to arbitration, and that the Persian Government had also expressed agreement, provided that various claims which they had against the company, and notably that in respect of the non-construction of a road from Tehran to Mohammerah, were likewise referred at the same time.

360. At first the company considered that the choice of Tehran as the site of the proposed arbitration was open to grave objections; but later, in conformity with the views of the Foreign Office, they decided to fall in with the desire of the Persian Government that the proceedings should take place in that town. Later, an opinion of the company's counsel was forwarded to His Majesty's Minister, from which it appeared that the method of arbitration proposed was the constitution of a board of three persons, one of whom was to be a neutral umpire, or "surarbitre," the remaining two being "arbitrators," chosen by the company and the Persian Government respectively, whose duty would be to argue the case on each side. On receipt of this opinion, His Majesty's Minister made efforts to discover a person of standing resident in Tehran who might suitably be approached in connection with the duties of a neutral umpire. This proved, however, to be no easy task. Various names were suggested, only to be discarded owing either to the person in question having some connection with the Persian Government or to his not being of sufficient standing and experience. In the case of members of the Diplomatic Corps a further difficulty lay in the fact that the majority had had no legal training, while a large proportion were in any case reluctant to undertake a task which, in the event of their being compelled to give a verdict favourable to the company, might prejudice their personal relations with the Persian Government.

361. Eventually, with the consent of the company, the Egyptian Minister in Tehran, his Excellency Abdul Azim Rached Pasha, was approached, and at first received the proposal with pleasure, intimating that he had only to refer the matter to his Government as a formality. The Egyptian Government, however, on whose consent he had made his acceptance dependent, decided on consideration that they were unable to allow him to act. Failing Abdul Azim Rached Pasha, His Majesty's Minister was unable to discover any person in Tehran whom he could conscientiously recommend as a neutral umpire, and he consequently reported in this sense to the Foreign Office. The main difficulty was therefore still in existence at the end of the year; though a step forward had been made by the consent of Mr. Cooper, the Tehran superintendent of the Indo-European Telegraph Company, to act as an "arbitrator" for the company.

362. In the meantime, the draft terms of reference to arbitration, which had been received in September, had been submitted to the Persian Government, with

the request that the latter should express their views thereon. In spite, however, of reminders, these views were not forthcoming when the year closed.

War Office Claim against Sheikh Chassib.

363. This claim for rupees 9,854 : 12 : 6 against Sheikh Chassib, eldest son of the Sheikh of Mohammerah, originally presented in 1921, was in respect of stores supplied and services rendered by the Inland Water Transport in Irak. In 1925 Sheikh Chassib was in England; he had fallen foul of his father, who suspected him, probably with reason, of intriguing against him; and in England he had taken a Christian wife. The old sheikh's indignation boiled over at this, and he cut off and disinherited Chassib. The War Office proposed to approach Chassib in order to obtain their money, and, failing a settlement, to resort to legal methods. The Foreign Office, when apprised of the War Office's attitude, asked His Majesty's Minister to comment on the details of the claim and on the political desirability of recourse being eventually had to legal assistance in recovering the sums owed.

364. His Majesty's Minister made the necessary enquiries locally and spoke to Sheikh Khazal, who was then at Tehran. The latter disclaimed all responsibility for Chassib's debt, and suggested it should be discussed with Chassib in England. It transpired that Chassib had two boats laid up at Mohammerah, the sale value of which would cover the amount owed, and it was suggested that Chassib should authorise one of his brothers to sell the boats and pay the money. In reporting this in June His Majesty's Minister expressed the view that, if Chassib refused to settle, recourse could be had to legal measures, and added that Sheikh Khazal would raise no objection thereto.

X.—NAVAL AND MILITARY.

Army.

General.

365. There has been a marked improvement during the year in the *moral* of the Persian army due to a series of successful operations, which, if productive of no hard won battles, are unmarked by any serious defeats; to the disappearance of pro-Republican propaganda, which was distasteful and disturbing to the rank and file; to the submergence, though not elimination, of the coterie of disaffected officers referred to in last year's report, and to the removal of any doubts as to where loyalty was due by the termination of the struggle between the army's commander-in-chief and the ruling Shah. But the event which has perhaps more than any other raised the self-esteem of the army is the elevation to the throne of its creator and commander. For this it takes all the credit, and expects a fair share of reward. In the latter respect it is up to the present disappointed; the big rise which all senior officers expected has come to only one of them, the general-officer previously commanding the North-Western Division, Abdullah Khan Tahmaspi, who has been appointed Minister for War, and, although his power is limited since the Shah himself continues to control personally even small details of the army, yet his appointment has aroused a storm of jealousy among senior officers.

366. Jealousy, personal ambition and profit are, regrettably, still the main though no longer the sole incentives to action of the senior officers. The efficiency of the army, service to their country, and the encouragement of a national military spirit are secondary ideals, but it is noteworthy that they should be considerations at all. Ambition and loyalty to the commander-in-chief (now Shah), fortunately, have gone, and still go, hand in hand, except in the cases of those who despair of advancement. Under no other régime that could conceivably take his place would the army leaders have the position and wield the influence that they do to-day. Civilian Governors, where they exist, are almost wholly dependent on the goodwill of the senior military commander, and it is to the latter that the execution of the Shah's internal policy, except in matters of administrative detail, is entrusted. This preoccupation with civil and political affairs naturally hinders any improvement in the lamentably low standard of their military knowledge, and the Persian army, though now master of the internal situation, still remains an almost negligible factor in the defence of the country against a serious attack by Russia. Its progress towards the point where it can begin to be compared with any modern standard is slow, and it has still a very long way to go. Its training is of the most elementary character; its tactics crude, if simple, and not ineffective when opposed to tribes, and little or no advantage has yet been taken of the knowledge acquired by a batch

of young officers of all arms who returned during the year from a course of study in France.

367. Successful though it has been in the suppression of disorder, it has in some cases by its oppressive methods and corrupt dealings itself been the cause of disorder. More particularly has this been the case with tribes who had submitted and who would have settled down under a just Administration; several instances have occurred where they have been driven, in desperation, to a new resistance by the ill-treatment and dishonesty of military officers.

Strength.

368. Such figures as could be obtained show that the strength of the army at the end of the year was a little over 40,000. This is likely to be an over rather than an under estimate.

Budget.

369. A detailed budget was presented to the Majlis this year, but the organisation and establishments on which it is based are purely theoretical and bear little resemblance to the actual. Nor is it any indication of how the credit allotted to the army is expended as military expenditure is controlled only by the commander-in-chief, even now that he is Shah. The total sum allotted for the year 1304 (March 1925–March 1926) is 9,400,000 tomans, which represents 40 per cent. of the total estimated revenue of the country.

370. There has been no noteworthy change in organisation, administration or conditions of service.

Conscription Bill.

371. This Bill became law in June. It imposes liability for military service on all males on reaching the age of 21 years, with certain definite exceptions. The period of service is twenty-five years, divided into three categories:—

- Six years' active service, of which two are spent with the colours and the remainder in immediate reserve.
- Thirteen years' reserve service.
- Six years' service in the local guard.

The Bill cannot be applied until the census of the country, which is now being made, is complete. This is hoped for early in the New Year.

372. Persia has, for purposes of conscription, been divided into twelve recruiting areas, each of which is divided into six sub-divisions. Recruiting officers, who are now being trained in their duties in Tehran, will be appointed to each sub-division.

Importation of Arms and Ammunition.

373. The only known imports of importance have been a battery of 10-pounder guns, complete with equipment, and 500 rounds ammunition purchased from the Indian Government; an unknown quantity of small arms ammunition, probably not less than 2 million rounds, imported from Russia; 350 cases (12,500 kilog.) of artillery ammunition or bombs, and 34 cases of fuses from the Schneider Company, France, and, possibly, a number of rifles from Germany, but definite corroboration of this last importation is lacking.

Ammunition Factory.

374. A considerable quantity of plant for the ammunition factory reached Bushire during the year, but owing to the lack of transport some of this has not yet reached Tehran, and a commencement has not yet been made with the erection of the ammunition factory.

Radio Telegraphy.

375. Wireless telegraphy stations under military control have been erected at Tehran, Kermanshah and Tabriz, and are in course of erection at Meshed and Shiraz.

376. A school of wireless telegraphy has also been formed in Tehran to provide personnel for a corps of wireless telegraphists.

377. None of the stations have yet worked; in all cases essential parts of the machinery have not yet been supplied by the Russians; the enthusiasm with which this sign of modernity was greeted has faded, and the existence of Persia's radio installations seems almost to have been forgotten.

Persian Officer Students in France.

378. The batch of young officers who went to France in June 1923 for military training had returned to Persia before the autumn. The prejudices of senior officers has not so far allowed any real advantage to be taken of the knowledge they acquired.

379. A second batch, consisting of one lieutenant-colonel (destined for the "Ecole supérieure de la Guerre") and twenty-one young officers was sent to France in May.

Visit of Persian Officers to the Manœuvres in India.

380. A brigadier-general, two lieutenant-colonels and a captain of the Persian army attended the manœuvres of the Northern Command in India at the invitation of his Excellency the Commander-in-chief. It appears that this visit was an unqualified success, that the Persian officers were much impressed and highly appreciative of the courtesy and hospitality shown to them by the officers of the army in India. There is little doubt that this experience can have none but good results, and it is much to be hoped that it may become an annual event.

Military Operations.

(a.) Khuzestan.

381. At the end of 1924, after the operations to secure the submission of the Sheikh of Mohammerah were concluded, Khuzestan was occupied by about 8,000 Persian troops. These were reduced during the spring, and at the beginning of the summer the garrisons in Khuzestan numbered approximately—

At Mohammerah	...	...	...	100
At Ahwaz	...	...	...	350
At Dizful and Shushtar	...	...	...	300

Military Governors were appointed over the tribes, and, perhaps partly with the object of facilitating the establishment of the control of the Central Government, the Sheikh of Mohammerah was removed to Tehran in April. The Arabs, however, remained discontented, fearful and suspicious of the Persian military authorities and resentful of their domination. A new tax on date trees increased their apprehensions, and they were further agitated by the intrigues and incitement of the agents of parties whose interest it was to create trouble for the Central Government or to provoke disorder that would affect British interests and Anglo-Persian relations; and the circumstances were, on the whole, favourable to the general rising of the tribes, which was the aim of these agitators.

382. But this was forestalled by an isolated and premature outbreak of a band of 400 hungry Arabs, who broke into Mohammerah on the 24th July, temporarily immobilised the small garrison and had possession of the town for some hours. His Majesty's consul was isolated and unable to get into communication with the Anglo-Persian Oil Company, whose senior official, Sir Arnold Wilson, considered that the seriousness of the situation justified a direct request for the urgent despatch of a gunboat and of troops from Irak for the protection of the company's interests. At the same time he placed his motor transport at the disposal of the Persian military authorities for the transport of reinforcements from Ahwaz. These arrived, with commendable promptitude, during the night, and had so far restored the situation before the arrival of the troops from Irak that it was found unnecessary to disembark them. By midday of the following day all Arabs had been driven from the town; during subsequent days reinforcements arrived from Ram Hormuz and Bushire; clearing up operations were pursued with praiseworthy vigour and rapidity, and by the 1st September the situation was completely in hand. The energy and rapidity with which this rebellion was quelled by comparatively small forces and the ease with which the Persian troops re-established their superiority over the tribes speak well for the efficacy of Persian methods in tribal warfare.

(b.) Against the Turkomans.

383. At the beginning of 1925 the Turkomans were still unpunished for their misdeeds of 1924; Government had been forced by embarrassments in other parts of the country to adopt a defensive attitude, contenting themselves with attempting to confine the tribes within their own limits and with refraining from interference in their internal affairs. Although the first few months of 1925 were comparatively calm, it was evident that a state of affairs so contrary to the centralising policy of Government could not last indefinitely. There was, moreover, the danger that Soviet propaganda in favour of Turkoman nationalism and Turkoman independence might, if allowed to continue unchecked, seriously affect the tribes. Frequent reports of the activities of agents spreading this propaganda reached the Persian Government during the early months of the year; and, in spite of the outward calm, there was reason to believe that influences were at work with the object of combining the tribes in a determination to oppose any attempt by Government to assert authority over them. The advisability of undertaking extensive operations to subjugate the tribes was by no means unanimously accepted by the military advisers of Government. It was feared that the Russians might assist the Turkomans, or that operations might drive them definitely into the Russian camp. Doubts were resolved by the Turkomans themselves. Early in May they broke out into an active offensive along the whole length of their border from the Caspian to Bujnurd. This outbreak, though not altogether unexpected, surprised the Persian Government by its extent and simultaneity, and immediately roused the suspicion that it had not only been instigated by, but was being directed by, Soviet agents. That this was indeed the case at the time there can be little doubt. It may not have been, and probably was not, the intention of the higher Soviet authorities to force a conflict between the tribes and the Persian Government at that time. Local agents may have exceeded their instructions, and there are, in any case, other causes to be found for the rebellion than the incitements of foreign agents. But from the evidence available it appears that in the early stages Soviet policy was to encourage the Turkomans to show as brave a front as possible in order to influence the already embarrassed Persian Government to compromise with the tribes on terms which would leave them in the semi-autonomous position which best suited the ultimate designs of Russian policy. But it was obvious that, if the Persian Government decided on an offensive to penetrate the Turkoman country, these intrigues must either be abandoned or discovered, and the open support of a rebellion against the Persian Government was too inconsistent with the Eastern policy of the Soviet for them to risk this latter alternative.

384. For a time the situation was serious; the Shadillu Kurds of Bujnurd, as was to be expected considering that their chief had recently been hanged in Meshed, joined the Turkomans; a small Persian garrison in Bujnurd was besieged and hard pressed; and fears were entertained of an attack on Meshed itself. The Eastern Division, distributed to a great extent in small detachments, could not provide a mobile column of more than 500 men for the relief of Bujnurd, and it was to the general surprise that this small force, assisted by two aeroplanes, dispersed a formidable gathering of the tribes and relieved Bujnurd on the 18th May.

385. Meanwhile, reinforcements were hurried from Tehran and disposed some at Shahrud and some at Bujnurd; also from Gilan to secure the Province of Astarabad. Although fresh attacks were made on Bujnurd and raiding continued, it was obvious that the tribes lacked cohesion and that no serious dangers from an offensive by them were to be feared. The Russians had publicly proclaimed their disapproval of the rebellion, and according to reliable reports had even gone so far as to prevent by force a band of Russian Turkomans from proceeding to assist their Persian brethren. The influence of the Soviet Legation in Tehran was directed to persuading the Persian Government that a complete subjugation and occupation of the Turkoman country would bring no results commensurate with the expense and difficulties of the necessary operations, and that the purpose of the Persian Government might equally well be served by leaving to the Turkomans a fair measure of internal independence. Events developed slowly: perhaps the Persian Government hesitated; perhaps they were still uncertain of Russian intentions; in any case, it was not until July that an offensive move was made against the tribes. Then an advance westwards was begun from Bujnurd; a Turkoman concentration at Simalkan was dispersed, and Incha, on the edge of the Turkoman Sahra, was occupied. There was little further movement until October, partly owing to the unfavourable climatic conditions prevailing in the Sahra during the summer and

partly to allow Persian intrigues to create disunion among the tribes. Government forces were increased to some 4,000-5,000 men in the Bujnurd area and some 3,000 in the Astarabad area, and early in October—with some misgivings—an advance was begun from both flanks. The Turkoman strongholds of Gumeshtappeh and Ak Kaleh were captured almost without opposition; Gunbad-i-Kabus had fallen before the end of the month, and a junction was here effected between the forces operating from the west and the east; the right flank was secured as far as Maraveh Tappeh on the Atrek River. The bulk of the Turkoman fighting forces retired to the valley of the Atrek, leaving in many cases their encampments and women and old men to fall into the hands of the Persian troops. This ended the first phase of the military operations. The positions gained—the line of the Gurgan River from Gumeshtappeh to Gunbad-i-Kabus and thence via Shahabad to Maraveh Tappeh—were consolidated, and negotiations were commenced with the Turkoman leaders in the Atrek Valley. The Persian Government was anxious to avoid having to undertake an advance in force to the Atrek line, which could only have the result of driving the tribes into Soviet territory; their efforts during November were directed to persuading the tribes by those arguments which they know so well how to use of the advisability of coming to terms and of returning to their own lands. The campaign of propaganda carried on to this end soon produced dissensions among the tribes, who had already shown that they were not actuated by any very determined fighting spirit; and when it appeared probable, firstly, that no active assistance by the Soviet to the tribes was to be feared, and secondly, that the tribes were unlikely to put up a determined opposition, small columns advanced to the Atrek River. According to the rather scanty information that is available, numbers of the Turkomans surrendered; others fled to Soviet territory.

386. It was during the pursuit of a party of fleeing rebels by a detachment of Persian troops, ordered to proceed until they came to a river, that the frontier incident referred to elsewhere in this report occurred.

387. At the end of the year active operations had ended; those Turkomans who had remained in Persian territory were being disarmed and were being treated with some consideration in the hope of inducing the considerable numbers who had fled to Russia to return.

388. The operations have demonstrated the poor fighting quality of the Turkomans, but, after all allowances have been made for this, they are also a tribute to the Persian skill in overcoming the opposition of tribal enemies, in spite of inefficient and badly led troops, a complete absence of organised administrative services, and very inferior communications and means of transport, by a combination of bluff, intrigue, propaganda and fighting. The Turkoman problem is now mainly one of administration, and it is in this that Persians, particularly Persian military officers, have shown themselves to be so lacking in the essential qualities.

(c.) *Sarhad.*

389. The outbreak of the Sarhad tribes in May, of which the causes are discussed in paragraphs 172-181 of this report, found the local garrisons too weak to undertake any effective action for the re-establishment of the situation or even for the protection of important interests, such as the Mirjawa-Duzdap Railway, and the Persian Government so fully occupied with the situation in the Turkoman country that they were strongly averse from diverting to the Baluchistan Sarhad any of the troops earmarked for the operations that then seemed inevitable. They had therefore no alternative but to rely on the mediation of local British officials to restore peace.

The garrisons in the Sarhad on this date were approximately—

At Khwash	...	...	...	200
At Duzdap	...	...	...	200
At Mirjawa	...	...	...	60

Khwash was immediately besieged and isolated by a tribal *lashkar*; Mirjawa was evacuated by the Persian garrison, and an attack was threatening on Duzdap when, through the good offices of British political officers an armistice was arranged to permit of the tribes submitting their grievances against local officials to higher authority. This resulted in an agreement between the tribes and the Persian Government and the cessation of hostilities.

390. It may be remarked that in addition to being few in numbers, the Persian troops in this area were unusually badly officered.

(d.) *Luristan.*

391. At the close of 1924 it was generally anticipated that further operations against the Lurs would be necessary during the spring, but in the early months of 1925 the tribes showed an unexpectedly tractable spirit and a readiness to enter into negotiations with Government which induced the latter to attempt a policy of conciliation in the hope that this would lead more rapidly to a pacification of the country and the opening of regular communication between Dizful and Khorremabad, thus establishing a main caravan route from the port of Mohammerah to the interior of Persia. This was in some degree achieved; by the summer the tribes were so far pacified that merchants had begun to despatch goods by this route, and it was even found possible in July to withdraw the additional troops which it had been found necessary to maintain there since the summer of 1924, leaving only normal peace garrisons in occupation of Khorremabad and in protection of the road from there to Dizful. In spite of a few minor outbreaks it appeared that the Lurs were prepared to welcome an era of peace, and the development of prosperity promised them from the opening up of their country and the establishment through it of a main artery of commerce. The tribes had begun to surrender their arms; the more important chiefs had come in to military headquarters on safe-conduct to discuss the future, when, in October, the military commander was guilty of a repetition of the treachery which had caused the rebellion of 1924. On this occasion no fewer than twenty of the Lur chiefs in Khorremabad on safe-conduct were seized and hanged. They included nearly all important tribal leaders, and the officer responsible for this crime is said to have justified it by the argument that without leaders the tribes were incapable of combination or of organising a movement of any serious proportions in opposition to Government. But, as was to be expected, it re-awoke all the latent enmity and desires for revenge of the Lurs, and within a month Southern Luristan was again in a ferment of unrest. Small posts of Government troops were attacked, and in some cases wiped out; caravans were robbed, and the road between Khorremabad and Dizful was definitely closed. Reinforcements were ordered from Shiraz and Kermanshah, but at the end of the year these had not arrived on the scene in sufficient numbers to allow of effective counter-measures being taken by Government.

392. The situation is more likely to be troublesome than dangerous; there is apparently no cohesion among the tribes, and the rebellion appears to be limited to small bands of the bolder spirits, who have so far limited their activities to raiding and to attacking small detachments of troops.

(e.) *Against the Vali of Pusht-i-Kuh.*

393. During the operations against the Sheikh of Mohammerah in 1924 the Persian Government had found it necessary to concentrate a force of some 3,000 men to the north of the Pusht-i-Kuh country to menace the Vali in case he intended any action in support of the sheikh. With the sheikh's submission, fears of offensive action on the part of the Vali disappeared, but the Persian Government determined to seize the opportunity to secure the unqualified submission of this hitherto semi-independent chief. Before the end of 1924 the Vali had already made overtures for submission, and had taken refuge in Irak territory on the advance of a column to the Aivan Valley, 50 miles south-west of Kermanshah. A detachment from this column pushed forward in February almost without opposition to Dehbala in the Vali's territory and was here joined by one of his sons; the Vali himself shortly afterwards agreed to the terms imposed by the Persian Government, which included the payment of arrears of revenue and the surrender of all but a small proportion of his arms; and he was reinstated as Governor of Pusht-i-Kuh.

(f.) *Southern Kurdistan.*

394. As is mentioned in paragraph 47 it had long been the intention of the Persian Government to establish their authority more firmly over the tribes of Southern Kurdistan, but troops could not be made available for these operations until September. A force of about 1,500 was then concentrated near Mahidasht, about 20 miles south-west of Kermanshah, and early in October the advance was begun towards Ruansir. No opposition was here encountered, and the disarmament of the Sinjahi, Kalhur and other minor Kurdish tribes was proceeded with. In November orders were issued by army headquarters for the suspension of the operations until the spring and the withdrawal of the troops to Kermanshah. The official reason

given was the lateness of the season, but the situation in Luristan (see paragraph 391) had undoubtedly a good deal to do with the decision.

Persian Air Force.

395. The air force has in the opinion of the General Staff proved of great assistance to the Persian army in its task of restoring order in the country, but the cost has been a heavy burden on the War Office budget. Its employment has consequently been limited to the maintenance of communication between the capital and operating forces and to isolated exhibitions of bombing, calculated to produce a moral effect at a critical moment. No grave risks are taken; disasters might detract from the moral effect which the machines now achieve; machines are too valuable, and the European pilots do not feel that it is any part of their duty to sacrifice themselves in the service of the Persian Government.

396. In efficiency there seems to be little to choose between the Russian and German pilots and machines. The latter, perhaps, have slightly the better reputation. The French pilot has been consistently unfortunate, rarely accomplishing a flight without mishap. Consequently the reputation of French machines and French mechanical efficiency is very low.

397. There are as yet no Persian pilots flying in Persia; one Persian pilot officer, trained in France, when returning to Persia, with a machine purchased in France, crashed at Constantinople; three or four others are reported to have completed their training in Moscow and to be on their way to Tehran. No serious effort has been made to train pilots in Persia.

398. The following is a list of the machines in the possession of the Persian Government at the end of the year:—

Russian—

- 2 D.H.9 type (1 damaged, believed repairable).
- 3 Avro (school machines).

German—

- 4 Junkers.
- 1 Junkers hydroplane.

French—

- 2 Potes (school machines) (damaged, but repairable).
- 1 Spad type 42 (damaged, but repairable).
- 1 Breguet type 14 A2 (damaged, but repairable).
- 1 Breguet (crashed at Constantinople).
- 1 Spad type 42 (unserviceable).
- 1 Breguet type 14 A2 (unserviceable).

399. It is reported that three more machines have been purchased from Russia

Naval.

Persian Navy.

400. An addition was made to the Persian navy in the Gulf by the presentation of a boat of the "Fly" class by a Persian resident of Basra, who had purchased her from the Disposals Board in Irak. She was refitted and renamed "Khuzestan"; and was employed in the operations against Arab rebels in July and August.

401. The gunboat "Pahlavi" was sent to Basra in October for repairs with the approval of His Majesty's High Commissioner for Irak.

His Majesty's Ships in the Gulf.

402. The question of the anchoring of His Majesty's ships in the Karun River which had for many years been protested against by local Persian officials, had formed the subject of correspondence with His Majesty's Government in 1924. At the end of that year the Persian Government had been informed that His Majesty's Government were prepared to accept the contention that the Karun River was to be included in the inland waters of Persia, but requested that His Majesty's ships might be allowed, as a favour, to enter the Karun for reasons of health and to stay for periods not exceeding two weeks at a time, provided that forty-eight hours previous notice were given to the Karguzar. It was not until February 1925 that the Persian Government replied to this note. They stipulated that previous notice of one week should be given, and this was agreed to by His Majesty's Government.

403. During the year the Persian Government issued regulations specifying

that the usual honours paid by foreign ships in the Persian Gulf should in future be paid at Bushire only.

404. The salute of one gun fired by ships of the British India Steam Navigation Company since 1873 on passing the Sheikh of Mohammerah's palace was discontinued.

British Troops in the Persian Gulf.

405. The proposal mentioned in last year's report to effect a redistribution of British garrisons in the Persian Gulf was not proceeded with by the Government of India, and dispositions remained unaltered throughout the year. But in October the Government of India proposed that the time had now come for the complete withdrawal of all the infantry garrisons in the Persian Gulf. These had existed in varying strengths since 1820, and considerable increases had of necessity been made in 1911 owing to the prevailing insecurity. In 1924, as a result of the progress made by the Persian army, it had been found possible to withdraw these extra troops and to revert to the situation that existed before 1911, which involved the retention of a half-battalion in all in the Persian Gulf. The Resident in the Persian Gulf agreed that withdrawal was possible, and His Majesty's Minister, considering that the measure of internal security achieved by the Persian forces and the notable improvement in the army were sufficient to protect British interests against normal dangers, and being of opinion that the withdrawal of these troops was desirable on financial and political grounds, would create a most favourable impression on Persians and would deprive the Russians not only of a favourite text for unfavourable comparisons, but also of a most dangerous precedent for the introduction of troops, strongly supported the proposal. His Majesty's Government approved, and the decision was announced privately to the Shah shortly after his accession. His Majesty was highly appreciative of this proof of the confidence of His Majesty's Government in himself and the army he had created, and readily gave positive assurances that satisfactory measures would be taken by the local military authorities, in consultation with the Resident in the Persian Gulf as regards Bushire, for the protection of British interests, now devolving wholly on the Persian Government.

Intervention of British Forces in Persia in defence of British Interests.

406. The revolt of the Sarhad tribes in May and the attack by Arab tribesmen on Mohammerah in July, threatening, as they did, the safety of British lives and property to an extent which seemed to the local authorities to justify at least preliminary measures for the intervention of British forces, brought to light the necessity for a clearer definition of the circumstances which might be held to justify the use of such forces in Persia. In the first case, the Government of India had issued orders for operations on Persian soil without previous consultation with His Majesty's Government; in the second, the despatch of forces from Basra, demanded by the senior official of the Anglo-Persian Oil Company during the temporary isolation by the insurgents of His Majesty's vice-consul, although those forces did not actually set foot on Persian soil, brought a protest from the Persian Government. However much the circumstances in this case may have justified the demand for British troops, it was felt that, in view of the serious consequences that would result from their intervention, in offending Persian susceptibilities, arousing at least temporary suspicions of British intentions, and, worst of all, in giving the Russians a precedent for the introduction of troops on the plea of protecting commercial interests, the clearest possible instructions should be given for the guidance of all British officials concerned.

407. The desiderata obviously were that the intervention of British forces should take place only under the orders of His Majesty's Government and with the written consent of the responsible local Persian authority, but it was realised that circumstances might arise in which time would not allow of reference being made to His Majesty's Government, or in which the prior consent of the local Persian authority might be unobtainable. It was consequently necessary to leave some latitude in the instructions finally notified to consular officers in Persia and, by His Majesty's Government to the Government of India, the Admiralty and His Majesty's High Commissioner for Irak, which were that British troops were not to enter Persian territory without the orders of His Majesty's Government, except in a grave emergency when there was not time to secure such orders, and then only in the last resort; every endeavour should be made to secure the prior written consent of the highest Persian local civil or military authority to the intervention of British forces.

Protection of Anglo-Persian Oil Company's Property.

408. This responsibility has now been practically assumed by the Persian Government since they are not only in military occupation of Khuzestan, but have also definitely taken over the administration of the province and, presumably, the obligations of the Sheikh of Mohammerah to the company. At the fields, however, the Bakhtiari guards still remain; and the khans have the same responsibility to the company as heretofore for their protection, though this arrangement is likely before long to be replaced by the assumption of direct responsibility by the Central Government.

409. The responsibility of the Air Officer Commanding in Irak is now limited to advising His Majesty's Government of the extent of military dangers threatening the Anglo-Persian Oil Company's interests and to taking such action in an emergency as seems necessary for the protection of life subject to the conditions detailed in paragraph 407.

XI.—CIVIL AVIATION.

Postal Service.

410. The negotiations begun in 1924 between the Persian Government and the Junkers Company for the establishment in Persia of civil air services appeared to be leading to a successful conclusion when a draft contract was approved in July by the Persian Government and the company's representative.

411. According to the terms of this contract the company were to undertake to maintain a weekly service once each way between Tehran and the towns Pahlavi, Bushire and Kuraitu, carrying passengers and mails. They were to be granted a monopoly of flight on these three routes for five years and for a period of eighteen months a subsidy of 3 krans per kilometre flown, together with the profits accruing from the surcharge on postal matter despatched by air mail up to a maximum sum of 4,000 tomans per mensem.

412. The company's representative had repeatedly assured His Majesty's Legation that no form of monopoly was being sought, and he asserted that mention of it had been made in the draft of the contract prepared by Government for submission to the Majlis without his knowledge or his desire. He reiterated his assurance that it was the intention of his company to work in cordial accord with the British air authorities, whom he was proceeding to consult before signing any contract with the Persian Government. During his absence from Tehran French opposition to this German enterprise, which, if successful, would put a definite end to their already faint hopes of sponsoring Persian aviation, began to take practical shape. In September, while Sir Sefton Brancker was in Tehran, the French Minister approached His Majesty's Minister to urge a joint Franco-British air policy in the East, firstly to eject the Germans, secondly to divide up the main air-ways of the East between French and British enterprise, and was told that as large questions of policy and strategy were involved, the matter was one for discussion between London and Paris. This was followed by the arrival in Tehran by air in October of a representative of the Compagnie internationale de Navigation aérienne, who did not delay in submitting to the Persian Government proposals for air services on the three lines offered to the Junkers Company, which he hoped would be found more attractive than those offered by his rivals. He was handicapped by the fact that the Junker machines and pilots have gained a well-earned reputation for reliability, whereas the prestige of French aircraft has been sadly damaged by the unworthy performances of the French military machines already in the service of the Persian Government. In the hope of creating a more favourable impression a mission of three modern French machines with military pilots was sent from Paris to Tehran, but the inordinate length of time occupied on the journey, both coming and returning, spoiled the good effect it was hoped to produce.

413. M. Jarolimek returned to Tehran in December, and at the end of the year a hotly-pursued contest between the representatives of both companies was still undecided.

Imperial Airways

414. During the first half of the year the question of the establishment of a British commercial air service from Egypt to India across Persian territory was adverted to on several occasions by His Majesty's Minister in private conversations with the then Prime Minister, who obviously was interested in and sympathetic to the idea in principle. It was not, however, until July that negotiations between the

Air Ministry and the Imperial Airways Company had reached a stage that allowed of a definite announcement being made to the Persian Government. A general outline of the scheme was then embodied in a memorandum which was handed to the Prime Minister for his consideration and discussion with his Government.

415. That the question did receive careful consideration and that the Persian Government had examined their duties as signatories of the International Air Convention and had resolved to fulfil them was evident when Sir Sefton Brancker visited Tehran in September for the purpose of discussing the details of an agreement between Imperial Airways and the Persian Government; for the negotiations were characterised by unusual reasonableness on the Persian side and completed with remarkable celerity. The agreement reached was subsequently ratified by an exchange of notes between the Legation and the Persian Government. The Persian Government undertook to throw open the route Bundar Dilam, Bushire, Akhan, Lingah, Bundar Abbas, Jask and Charbar as an international air route, and to exempt from customs dues the aircraft of the company, and spares, machines, tools, &c., required for their maintenance and for the preparation of landing grounds and dwellings. The company undertook to prepare landing grounds at the places mentioned above, and to hand them over when completed to the Persian Government, together with any hangars and dwelling houses they might find it necessary to construct for their staff, the company being given prior right to their use; also to erect wireless telephony apparatus on the landing grounds at Bushire, Bundar Abbas and Charbar to be handed over to the Persian Government at cost price not exceeding £6,000 sterling, the company having the right to utilise the apparatus for their requirements in accordance with the provisions of the International Air Convention.

416. A preliminary survey of the Persian Gulf route was carried out in September, and a more detailed survey is to be undertaken at the beginning of 1926.

XII.—MEDICAL AFFAIRS.

Public Health.

The Persian Health Department.

417. This new department has not, in the first year of its existence, effected any striking improvements. It can point, however, to economies and repairs to buildings in two of the hospitals at Tehran; to an expenditure of 5,000 tomans in dealing with an epidemic of relapsing fever in East Persia; and to having obtained sanction for a revolving credit of 5,000 tomans for the Persian Gulf Quarantine Service. The head of the department, Dr. Amir Aalam, who is also a member of the Majlis, was obliged to resign at the end of the year in deference to a new law forbidding Deputies to hold even unpaid Government posts. He had made big efforts to increase the budget of his department through special taxes, such as one on matches, without success. His plans, which included a sanitary service for the whole country and a special tuberculosis hospital near Tehran, did not therefore mature. By cutting down staffs and other economies he had made himself highly unpopular before he resigned. He had shown himself friendly and helpful as regards the Persian Gulf Quarantine Service, and stated that he had defended the position of the British medical officers *vis-à-vis* the Civil Status Law, in the Budget Commission of the Majlis (see Annual Report for 1924, paragraph 63). On the other hand, nothing was done to remedy the many defects reported to the Health Department by the chief quarantine medical officer, except to appoint a local commission to investigate the quarantine buildings and sites. He was succeeded by Dr. Sheikh (Aya-ul-Mulk), a man who has very poor qualifications for the position.

418. The Sanitary Council has continued as advisory body to the Health Department and has held monthly meetings. Under the new president, Dr. Khalil Shafaghi (Alam-ed-Dowleh) meetings have been singularly ill-conducted, and the attendance, especially of European members, has been poor. The opinion of the council on most matters which are within the sphere of the Health Department, is sought, and it exercises its right of criticism to the full.

419. There has been throughout the year a conflict between the Ministry of Public Works and the Health Department, for the control of the projected veterinary administration. In the end the Ministry won, and it has also had the Pasteur Institute attached to itself. As the sanitary section of the Municipality of Tehran is an independent body, and does not assist the Health Department with

recent statistics and in other ways, there is altogether a good deal of chaos in public health matters.

420. The ineffectiveness of Persia's sanitary organisation is largely due to the lack of properly trained doctors, and this to the very low standard of education given in the miserably equipped State medical school at Tehran. There is now one French professor, who has no say in the organisation of the school, and some twenty Persian "professors" who, having obtained a post with its pay, cease to make any effort to add to the knowledge of their students or of themselves. There is only one thing to be done, and that is to replace them all by four or five whole-time European teachers, who should also form the senior staff of the civil and military hospitals. Such an arrangement has been mooted, but with the absurd condition that the new staff shall be composed of "professeurs agrégés." It is not conceivable that any man of that class would leave Paris or Lyons for Tehran.

Epidemics.

Relapsing Fever.

421. At the end of December 1924 an epidemic of "malaria" was reported from the Bakharz district in Khorasan. The number of deaths was estimated at seven hundred up to the beginning of February. In April an epidemic was reported from Sarbisheh, a village near Birjand. In May a fresh outbreak occurred in Bakharz. In July a similar disease appeared at Nishapur. It was not until that month that a correct diagnosis was made by Lieut.-Colonel Heron, I.M.S., of His Majesty's consulate-general, Meshed, and a doctor of the American Mission, who visited the Bakharz district together. It was believed that at least 1,000 deaths had been caused.

Smallpox.

422. Smallpox was prevalent in the ports of the Persian Gulf in the spring and summer, also in Seistan throughout the year. In October it was reported to be epidemic in Tehran. Enquiries failed to elicit statistics, though it was stated that sixty-eight deaths had been notified in a month (June-July). A commission was appointed by the Sanitary Council to investigate the causes of the outbreak and had held one meeting by the end of the year. The vaccine used by the Public Vaccination Service is now all made by the Pasteur Institute at Tehran. There can be little doubt that one, at any rate, of the causes for the prevalence of the disease, is that Persians, accustomed to the lengthy immunity conferred by arm-to-arm vaccination, have not learned to have themselves revaccinated since calf lymph was introduced fourteen years ago. The local outbreak led to many thousands in Tehran, and all the school children, being revaccinated, so it was beneficial from that point of view.

423. There are roughly 170 public vaccinators for the whole of Persia. They reported—

	Vaccinations.	Inspections.	Successes.
For the autumn of 1924	54,580	42,720	36,270
For the spring of 1925	58,267	43,005	38,193

424. Unfortunately, no system of control of the vaccinators' work has been introduced. (For further details of the epidemic of smallpox at Tehran, see "Mortality Statistics," paragraph 430.)

Typhus Fever.

425. Cases were reported from Seistan in January, February, April and September, and from Tavalish in May.

Influenza.

426. Cases were reported from Seistan in January, February and March.

Cholera and Plague.

427. No cases were reported during the year in Persia. As regards neighbouring countries:—

- (1.) Irak: Seven cases were reported between January and May.
- (2.) Russia: Prevalence was reported from Astrakhan in June, and a medical visit was enforced in the Persian ports of the Caspian.

Endemic Diseases.

Tuberculosis.

428. A steady increase in the number of cases seen in Tehran was reported at the August meeting of the Sanitary Council.

Leprosy.

429. An advanced case of leprosy was shown in December at the Tehran Medical Society. The patient had never been outside the Tehran district. This is thought to be the first case reported from the capital.

Mortality Statistics.

430. The only figures available are those issued by the Municipality of Tehran. Death certificates are employed in the capital, but their use is not compulsory. They are collected by the washers of the dead, who are not supposed to perform their duties unless a certificate is produced. The value of certificates is limited as a basis for mortality statistics, however, by the fact that a symptom such as "œdema," is often given as the cause of death, and that not all bodies, though nearly all, are taken to the public washers. Further, while the washers have orders to refuse to deal with bodies which are not accompanied by a certificate, neither a statement as to the cause of death, nor the signature of the medical attendant are necessary, and the certificate is often signed by the medical officer of health of the quarter. It will be seen from the list given below that in the case of more than one-eighth of the total deaths in Tehran in twelve months, the cause has been returned as unknown, and that in sixty-five a return of "sudden death" has been made. This is partly to be explained by (1) lack of medical knowledge on the part of the doctors; (2) the custom of changing doctors several times during an illness; (3) the neglect of the poor to seek medical advice when it is clear that there is no hope of recovery. A medical officer confronted with such cases is naturally often unable to state the cause of death (the religious law forbids autopsies), but he always gives a certificate provided that he is satisfied that there is no question of crime. The certificate is, therefore, in a large number of cases, simply a permit to carry out the last rites.

431. The table given below has been compiled from the monthly reports of the municipality. These are always published three months or more late; in order, therefore, to present a table covering a whole year, three months of the year 1924 have been included.

432. The value of the table does not go beyond giving a general idea of the principal causes of mortality and the approximate numbers of deaths due to them. It may be taken as an average specimen and is very like those published for the two previous years, except for the high proportion of deaths due to smallpox. The figures for the Persian year 1302 were 31 and for 1303 41 (March 1923-24-25). Additional figures received since the table was compiled show that the monthly mortality figures for smallpox, for the first eight months of the present Persian year (1304), which began on the 21st March, 1925, were: 11, 18, 28, 47, 68, 135, 262, 203; total, 809 deaths.

433. The age distribution of these deaths was as follows:—

Under 1 month	...	...	...	...	6
7-11 months	...	...	...	...	129
1-2 years	...	...	...	...	283
3-4 "	...	...	...	...	135
5-9 "	...	...	...	...	85
10-14 "	...	...	...	...	7
15-19 "	...	...	...	...	4
20-24 "	...	...	...	...	3
Age unknown	...	...	...	...	6

434. Owing to the absence of any system of notification, no figures of the incidence of the disease can be given.

435. Many criticisms of the table might be offered. Persian *hakims* seldom draw a distinction between pleurisy and pneumonia, and the figure for the former should go largely to swell that given for the latter. The large number of deaths from hepatitis, in comparison with those from dysentery, is to be explained by the fact that many of them were due to pneumonia or empyema, and should be included

under the heading respiratory system. The number of deaths from puerperal fever is certainly underestimated. In view, however, of the considerations given above, detailed examination of the returns would not be profitable, though interesting conclusions are to be drawn from them.

LIST of the principal causes and numbers of deaths.

City of Tehran. October 1924-September 1925

	Disease.	Number of deaths.
Respiratory system—		
Pleurisy ...	604	
Pneumonia ...	247	
Asthma ...	16	
Bronchitis ...	5	
Laryngitis ...	3	
Unclassified ...	10	885
Smallpox ...		606
Digestive system—		
Diarrhoea ...	331	
Dysentery ...	47	
Enteritis ...	16	
Cholera ...	3	
Colic ...	21	
Hepatitis ...	89	
Jaundice ...	14	
Hernia ...	4	
Hemorrhoids ...	1	
Intestinal obstruction ...	12	
Peritonitis ...	4	
Gastric ulcer ...	2	
Appendicitis ...	2	
Gastritis ...	3	
Unclassified ...	19	568
Tuberculosis ...		458
Malaria ...		345
Still births ...		173
Cedema ...		143
Nervous system—		
Apoplexy ...	59	
Paralysis ...	40	
Mania ...	10	
Melancholia ...	9	
Hysteria ...	6	
Meningitis ...	3	127
Measles ...		116
Typhoid ...		110
Genito-Urinary System—		
Nephritis ...	79	
Albuminuria ...	2	
Incontinence of urine ...	2	
Retention of urine ...	1	
Cystitis ...	1	
Vesical Calculus ...	1	
Unclassified ...	6	92
Circulatory system—		
Heart disease ...	53	
Anæmia ...	20	
Hæmorrhage ...	3	76
Old age ...		60
Malnutrition ...		51
Venereal disease—		
Syphilis ...	28	
Gonorrhœa ...	1	29

Diseases.	Number of deaths.
Diphtheria ...	29
Whooping cough ...	23
Diseases of the skin—	
Erysipelas ...	19
Impetigo ...	2
Unclassified ...	2
Childbirth ...	22
Anthrax ...	22
Influenza ...	21
Cancer ...	20
Poisoning (4 notified as by opium) ...	12
Puerperal fever ...	8
Gangrene ...	6
Tetanus ...	6
Murders ...	5
Suicide (3 notified as by opium, 1 by hanging) ...	5
Diabetes ...	2
Scarlatina ...	1
Scurvy ...	1
Cachexia ...	1
Death during operation ...	65
Sudden death ...	581
Unknown causes ...	
Total ...	4,696

436. Taking the population of Tehran at 225,000, the latest estimate of the Alimentation Department, the death rate for the twelve months included in the table works out at nearly twenty-one per mille.

Traffic in Corpses.

437. The office for the inspection of corpses on their way to the Shia Shrines in Irak was moved from Kermanshah to Kasr-i-Shirin.

438. The Government of Irak has agreed, after correspondence with the Persian Government through His Majesty's legation, to accept a certificate of burial for three years as the criterion for a "dried corpse," and has issued regulations for the traffic. (Sanitary Council April meeting.)

The League of Nations and the Sanitary Situation in Persia.

439. The report by Dr. John Gilmour, Health Section, League of Nations, was presented at the April meeting of the Sanitary Council, with a covering letter in which the writer referred to—

- (1) The endemicity of typhus fever and smallpox. Cholera and plague were not endemic.
- (2) The absence of sanitary defences on the western frontier.
- (3) The lack of trained medical officers.
- (4) The need of five or six frontier sanitary stations.
- (5) The decision of the League of Nations to arrange for the training in sanitation of one Persian doctor a year.

Dr. Aya-ed-Dowleh, Principal Medical Officer, Tehran Municipality, was accepted as the first candidate for training, and left for Geneva in September.

Pasteur Institute.

440. The new building was occupied towards the end of the year. The director, Dr. Mesnard, of the Institute Pasteur, Paris, left Persia on the expiry of his contract in the autumn of 1924. A new contract has been drawn up to the satisfaction of his Legation, but he had not returned by the end of the year.

441. There is no further news of the much-talked-of appointment of a French veterinary surgeon as Director of the projected Veterinary Institute. The Persian authorities succeed so well in hampering the work of scientific specialists in their

employ, that they will have difficulty in keeping the services of the right type of man such as was Dr. Mesnard.

Epizootic Disease.

442. Anthrax and rinderpest were prevalent in the Kermanshah, Hamadan, Kazvin, Irak, Tehran and Mazanderan provinces throughout the year.

443. The young Persian doctor who was assistant to Dr. Mesnard during his directorship of the Pasteur Institute, and is now acting for him, has with commendable initiative induced the authorities to begin their long projected campaign against rinderpest and anthrax. A village outside Tehran has been set apart for this work, cattle have been purchased and experimental work has been done. Dr. Bahrami is as courageous as his hero namesake, but the problem is too great for anyone with such a slender scientific equipment, intellectual and material, as he has.

The Quarantine Service in the Persian Gulf.

Finance.

444. The year was marked by even greater delays than usual in the payment by the Persian Government of the budget. These delays caused many difficulties and much annoyance and the inferior personnel was with difficulty prevented from leaving its work. Finally in July, as the result of steady pressure by His Majesty's Legation, the Finance Department decided to open a revolving credit of 5,000 tomans in favour of the service, an arrangement which should lead to greater efficiency and less friction.

445. At the end of the year, in spite of much correspondence and explanations asked for and given, the Persian Government were still debtor to the Government of India for salaries and pension allowances to the amount of rupees 25,710 : 5 : 7 for the period the 1st July, 1923—the 30th June, 1924.

Epidemics.

446. Smallpox was prevalent at Bushire, Mohammerah, Abadan, Lingah and Bundar Abbas during the first half of the year. The Health Department appointed vaccinators at Bushire and Bundar Abbas.

Organisation.

447. At the end of May, Major Nicholson, I.M.S., who had recently been appointed Residency Surgeon at Bushire and Chief Quarantine Medical Officer, raised a number of important points in a private letter to Dr. Neligan, physician to His Majesty's Legation. His Majesty's Minister, in his telegram of the 2nd July to the Political Resident in the Persian Gulf, directed that certain of them should be pressed on the notice of the Persian Health Department, namely, new buildings judged necessary and repair of old ones, hospitals, transport, jetties, subordinate personnel, quarantine fees, and difficulties due to delays in the payment of the budget. In the same telegram as well as in his despatch of the following day, Sir Percy Loraine recommended that the three defective disinfecting stoves should be repaired without delay and the Clayton apparatus be moved to Mohammerah as being the only port in which it could be worked; that the views of Major Nicholson on the advisability of setting up a quarantine station at Henjam in order to catch passengers who transhipped there in order to avoid quarantine, should be communicated to the Government of India and in particular the opinion thereon of the Commander-in-chief (Naval) be sought; and that the question of a code of procedure and of port health dues should not be raised. Pending the receipt of a formal report by the Chief Quarantine Medical Officer, His Majesty's Minister communicated his views on these and other points raised, to the Secretary of State, in his despatch No. 417 of the 31st July. Further, Sir Percy Loraine recommended that as the disinfecting stoves had fallen into disrepair while in charge of our medical officers, the cost of replacement (£600) should be borne out of imperial funds. The Government of India agreed to this, but no reply had been received from His Majesty's Government up to the end of the year.

448. Major Nicholson's reports were subsequently received and communicated to London and Simla. They include a general report on the services, one on the Clayton apparatus, one on the disinfecting stoves, and one on the provision of a motor dhow at Bushire. As regards the Clayton apparatus, which with the disinfecting stoves had been presented to the Persian Government by His Majesty's Government and the Government of India in 1907, and which had been worn out

and scrapped by the British military authorities during the operations in Mesopotamia, Major Nicholson suggested that as the Anglo-Persian Oil Company had one at Abadan, they might be approached with a view to disinfecting ships for the Persian Government. The company's representative at Tehran was therefore asked to ascertain privately what their attitude would be to such a proposal. The plan was still under discussion at the end of the year.

449. The Chief Quarantine Medical Officer submitted a set of quarantine rules dated the 31st August, to His Majesty's Legation and to the Persian Health Department—and also a report with recommendations, on the Quarantine Service, dated the 15th August.

The Society of the Red Lion and the Sun.

450. His Majesty the Shah is honorary president and Dr. Amir Khan (Amir Aalam) president. There is an office and secretarial staff at Tehran. The first "bulletin" was issued in the spring of the past year. The society cannot yet be said to have roused public interest. An elaborate bazaar, which was held in the grounds of the Military School in the autumn, produced only some 4,000 tomans. A site has been given at Turbat-i-Haidari for a hospital. A hospital of forty beds has been opened at Tabriz, as well as what is said to be a "model" slaughter house. Money was collected for the purchase of comforts for the troops in the Khuzestan campaign.

XIII.—OPIUM.

451. The total production of sap for the year 1924-25 was 1,990,194 pounds. The same figure is given as having passed into the Government warehouses. The figures for 1923-24 were 1,950,000 and 1,372,650 pounds.

The Export Trade.

452. Opium comes third in the list of Persia's exports, after oil and carpets. There was again an increase in the year 1924-25, both in quantity and value. The figures for the last three years are:—

Year	Persian year.	Lbs.	Value at par. (= Krans 50 to £1.)
1922-23	1301	660,640	818,162
1923-24	1302	690,833	1,204,394
1924-25	1303	1,077,290	1,591,759

453. Russia nominally continues to absorb large quantities of Persian opium. Of the 2,450 cases exported from Bushire between April and October 1925, 1,684 cases were consigned to Vladivostok. The word "nominally" is used, for little of this opium reaches that port, and the great bulk is diverted *en route* to ports in China, and elsewhere, in the illicit trade.

454. A comparison of the figures for 1923-24 is illuminating:—

Exports to Vladivostok from Bushire—		Lbs.
One year 1923-24	...	451,275
April-October 1925*	...	1,077,760
(N.B.—A case contains four chests of 160 lbs. each.)		

455. As regards the northern frontier, there was also notable increase in the quantity sent into Russia. The weights exported through Khorasan were:—

	Lbs.
In 1923-24	19,390
In 1924-25	74,532

The bulk of this opium also reaches China, where it is sold at a profit of 300 per cent., of which the Soviet Government takes 60 per cent. The trade is carried on through the Soviet consul-general at Meshed, who delivers imports

* In November a further 1,539 cases were shipped to the Far East in two Japanese, and one Chinese, vessels. In December 200 cases were shipped to the same destination by the British India Steam Navigation Company, on special licence.

permits. This, and other interesting information, may be found in a report on the opium question in his district by His Majesty's acting consul-general at Meshed.

Measures for controlling Commerce in Opium.

456. The following is a résumé of questions under this heading, with which His Majesty's Legation dealt during the year under review:—

King's Regulations for the Control of the Export of Opium from the Persian Gulf in British Ships.

457. These came into force on the 1st January. They have caused no difficulties with the Persian authorities or with exporters. In one case, that of the steamship "Gorjistan," they caused a British master to sail from Bushire without the opium for which he had called.

Japanese Participation in the Opium Traffic between the Persian Gulf and the Far East.

458. In his despatch No. 2/5.S of the 3rd January His Majesty's Resident at Bushire reported for the previous two years nine Japanese ships, most, if not all, chartered by Haji Mohamed Hassan Khan Nemazi, a British subject naturalised at Hong Kong and trading in Persia. Of the 2,891 cases shipped, all but forty were consigned to Vladivostok.

Indian Opium: Re-export from Persia.

459. A statement made by the American adviser most closely identified with the opium question that 25 per cent. of Persia's export from Bushire was imported from India, led to enquiries being addressed to the Foreign Office, the Government of India and His Majesty's consul-general. It transpired that 4,999 chests of opium were exported from Bushire in the year 1924-25, and 806 only were imported from India, of which 351 were still held by the customs at the end of the year. Moreover, Sir Percy Loraine was able to inform Colonel D. W. MacCormack that the Government of India would allow no opium to be exported to Persia except on the presentation of import certificates signed by the Minister of Finance.

460. In November His Majesty's Legation was informed that the Government of India had decided to prohibit the importation of opium from Persia for transit. In December it was "definitely decided not to export opium to Persia, even if it was alleged to be for *bona fide* consumption." The reasons given by the Secretary of State for this decision were that—

- (1.) Persia was a producer country with a large surplus of opium for export.
- (2.) She had not ratified The Hague Convention nor accepted the certificate procedure.
- (3.) "Some" of the opium exported from Persia found its way into the illicit trade (Foreign Office despatch No. 111).

461. These additional facts further helped to convince Colonel MacCormack of the good faith of the Government of India.

462. At the meeting of the Sanitary Council held on the 27th October it was stated that as the result of representations made by the Persian Government, the Government of India had agreed to prevent the export of drugs of addiction to Persia.

An Alleged Chinese Proposal.

463. In May it was reported at Tehran that the Chinese Government had made a proposal to the Persian Government for a monopoly in opium, by which the latter was to profit by 15 million tomans a year. Colonel MacCormack and the Persians appointed to investigate so tempting an offer, to their credit, rejected it. It proved as a matter of fact to have been a fresh scheme of the ingenious Nemazi (see Annual Report for 1924, and section 480 in the present report).

Opium Shipments to Vladivostok.

464. With further reference to exports from the Persian Gulf to Vladivostok, His Majesty's Secretary of State, under cover of his despatch No. 147, transmitted to Sir Percy Loraine definite information from the British mission at that place, that the "declaration of Vladivostok as the port of destination is merely a blind for smuggling into China." None of the ships destined for Vladivostok during

1924 had reached there. His Majesty's Minister was to invite the Persian Government to co-operate in checking the abuse. Sir Percy Loraine in reply asked that the American Government should be invited to instruct their Chargé d'Affaires at Tehran to support the intended representations, and this they eventually did. The matter was formally reported to the League of Nations in April (Foreign Office despatch, No. 172, of the 16th April). The recommendations of the Advisory Committee (7th September) on the steps to be taken in connection with the illicit traffic from the Persian Gulf, were communicated to His Majesty's Legation under cover of Foreign Office despatch, No. 501.

Intelligence.

465. Shipments of opium from the ports of the Persian Gulf to whatsoever country, have, since the month of May, and by the order of His Majesty's Minister, been reported monthly to the Foreign Office, the Governors of Hong Kong and Singapore, and His Majesty's Minister, Peking.

Mr. A. M. Tracey Woodward.

466. In his despatch No. 262-S of the 25th July, His Majesty's Resident at Bushire reported the activities of this American citizen in the illicit opium traffic. He was subsequently arrested, convicted and sentenced in the United States consular court. The incident produced a great impression locally, and brought the opium trade to a standstill for the time being.

Camouflage of Ships Employed in Illicit Opium Traffic.

467. No account of this trade should omit a reference to the methods of camouflage adopted. Changes of flag are obvious and are adopted by the steamship "Taitak"; her funnel is sometimes black and sometimes red (Bushire despatch, No. 18). The steamship "Honan" (despatch No. 29) changes her name and the master changes his. She has already been the "Promethean" and the "Ad Infinitum."

Anti-Opium Measures in Persia.

468. In August 1924 His Majesty's Minister was informed by the head of the English Section of the Persian Foreign Office, that the following measures had been put into force in order that Persia's "obligations to the League of Nations might be fulfilled":—

- (1.) Cultivation under licence.
- (2.) Progressive reduction in cultivation and replacement by other crops.
- (3.) Prohibition, actual or intended, of cultivation in the provinces of Tehran, Mazanderan, Azerbaijan, Gilan, Kazvin and Shahrud.
- (4.) Abolition in the course of three years in the provinces of Kashan, Yazd, Kermanshah, Semnan, Damghan, Galpaigan, Kamareh, Khonsar.
- (5.) Rejection of candidates, who are opium addicts, for Government service.
- (6.) Licences for addicts.
- (7.) Heavy fines for sellers who supply addicts without a licence.
- (8.) Tea houses where opium is smoked to be put out of bounds for non-smokers.
- (9.) Propaganda to discourage abuse of opium; preparation of remedies for the habit which do not contain opium or morphia.

In order to ascertain how far these measures had been put into execution, a circular despatch was addressed to all consular officers, asking for a report thereon (Bushire, Meshed, Isfahan, Tabriz, Shiraz, Yazd, Kerman, Seistan, Kermanshah, Hamadan, Ahwaz, Mohammerah, Bundar Abbas and Sultanabad). Their replies were not all received until the year under review (see despatch to Foreign Office, No. 188A of the 13th April, 1925). They showed that, in the districts mentioned either nothing was known of the regulations or that they were ignored. The only measures enforced were those involving taxation: (1) of the acreage under cultivation, and (2) of the opium itself in course of preparation and in its retail sale.

469. As to cultivation, it is to be noted, more especially in connection with the Persian Government's programme, that the provinces of Tehran, Azerbaijan, Gilan, Mazanderan and Astarabad, Khamseh and Kurdistan lie outside the opium zone proper, as do also those bordering the Persian Gulf. Either no crops are taken at all or, as in the case of Mazanderan, and probably Gilan and Astarabad, farmers

grow small quantities for their own use. In all the other provinces the land under cultivation is being steadily increased.

470. As regards consumption, the consuls unanimously report a great increase. The habit is most widespread in Mazanderan, Khorasan and Kerman. Reference has already been made in the report of His Majesty's consul-general at Meshed, and an account of the dire effects on a whole population may be read in Mr. Law's supplementary report from Kerman (enclosed in Sir Percy Loraine's despatch to Sir Austen Chamberlain, No. 633).

471. Perhaps the heaviest local consumption of opium in any Persian province takes place in Khorasan. The report of His Majesty's consul-general at Meshed is both full and illuminating, and should be studied. A few points only can be mentioned here. The local consumption increased from 5,689 lbs. in 1923-24 to 9,527 lbs. in 1924-25. Of the 130-140 lbs. sold in Meshed every day, only 13 lbs. issues from the Government storehouses; the rest is obtained illicitly by shopkeepers. The consumption of *shireh*, the mixture of the burnt residue from the opium pipe and of opium, which is in general use in China, is very heavy as compared with other parts of Persia; there are twenty-eight *shireh* dens in Meshed, whereas, in Tehran, with three times the population, there are only nine. The preparation and sale of *shireh* is a Government monopoly throughout Persia.

472. It is certain then, as far as the general question is concerned, that apart from increased taxation either at the source or during the retail sale of the prepared opium, no effect has so far been given to the intentions avowed by the Persian Government, and that, on the whole, the increase of taxation has not led to any reduction in the habit.

473. There remains to be recorded a local attempt at the suppression of opium smoking. The municipality of Tehran in May issued a notice that smoking in tea houses and other public places would be prohibited at the end of three months. Addicts were urged to undergo "cures"; remedies would be supplied free to the poor (Sir Percy Loraine's despatch No. 307 to Sir Austen Chamberlain). At the expiry of the three months a further respite was announced, and since then nothing has been heard of the matter. The remedies advertised in Tehran all contained opium or dionine (a derivative of morphia).

474. It is worthy of note that as *shireh* smokers in Tehran are registered, and as new names are refused, there is just a chance of this form of vice dying out in the capital. The fact is of some importance as representing a definite attempt to deal with one side of the problem.

475. The American Administrator-General of the Finances states in his report for the quarter the 22nd June to the 22nd September that the opium crop for the year 1925 has failed by 50 per cent. on account of late frosts and low rainfall.

476. The price of opium has steadily fallen from 60-70 tomans (£12 to £14) per *man* of 6½ pounds in 1923 to, in Khorasan, as low as 17 tomans (£3 10s.) in the early part of 1925. The explanations given as far as that province goes are, stocks in hand from previous years, limited number of buyers, and the absence from the market of Nemazi.

477. The Persian Sanitary Department is charged with the issue of importation permits for dangerous drugs. At a meeting held on the 24th November, it was reported that a quantity of morphine had been smuggled into Khorasan. A seizure of morphine and hypodermic syringes was made in the same province in 1911. No reports of this nature had been received in the interval.

478. The decision of the League of Nations to send a commission of experts to investigate the opium question in Persia was communicated to His Majesty's Legation in Foreign Office despatch No. 506.

479. On the 28th July the Persian Chargé d'Affaires in London protested to the Secretary of State against the export of "morphine, cocaine and their respective salts" from Great Britain and the British dominions to Persia, without the authority of the Sanitary Council. The question was referred to the Home Office, and neither the very complete reply made to Prince Nader Mirza nor the request for information as to his country's intentions with regard to the import certificate system and the limitation of exports of opium drew any rejoinder from him.

Activities of Haji Mohamed Hassan Khan Nemazi.

480. This individual, a British subject naturalised at Hong Kong, and a Justice of the Peace of that place, has become notorious for his extensive dealings

in the Persian opium trade, and for his large interest in the illicit traffic between "The Gulf" and the Far East (see Annual Report for 1924).

481. In April Sir Percy Loraine had an interview with him at Shiraz—and subsequently sought the opinion of the Secretary of State as to the feasibility of prosecuting him for dealing in unlicensed opium. A decision had not been received by the close of the year.

482. Under the section on "export trade" in opium, the part played by Nemazi in an alleged proposal from the Chinese to the Persian Government is described.

483. In June a son of Nemazi came to Tehran in a vain attempt to regain possession of apparatus for making morphia belonging to the family, which had been seized at Shiraz by the Persian Government together with a quantity of the drug. Two English chemists had been engaged for this work, and the report of one of them to the Home Office on his return was communicated to His Majesty's Minister in Foreign Office despatch No. 338. The apparatus was capable of turning out at least 400 pounds of morphine per annum.

XIV.—LEGATION BAGS.

484. A contract similar to that signed at the end of 1924 for the transport of the Legation mails was concluded with the Eastern Transport Company on the 29th December. The main differences between this contract and the previous one were:—

- (1) The acceptance by the Eastern Transport Company of terms involving a yearly economy to His Majesty's Government of some £260.
- (2) The substitution of six months for one year as the period of validity.
- (3) The addition of a clause, the effect of which was to confer on His Majesty's Minister (or in his absence His Majesty's Chargé d'Affaires) the power to cancel the contract at any moment and at one week's notice should the company, in his sole opinion, have failed to carry out certain essential conditions.

485. The non-confidential mails sent to the Legation via Russia continued to arrive satisfactorily during the year, with the exception of a period of some six weeks in the spring, when they were held up by heavy snow on the Resht-Tehran road. No further instance of tampering with the Legation bags despatched by this route took place.

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PERSIA.

Annual Report, 1926.

[E 870/870/34]

Sir R. Clive to Sir Austen Chamberlain.—(Received February 21.)

(No. 41.)

Tehran, January 26, 1927.

Sir,

I HAVE the honour to transmit herewith the annual report on Persia for 1926.

2. As I only reached Tehran late in the autumn, I requested Mr. Nicolson, who had been here throughout the year, during four months of which he had acted as His Majesty's Chargé d'Affaires, to draw up the report. The bulk of it he has written himself. Major Fraser, Mr. Brenan and Dr. Elgood are responsible for the sections on military, consular and medical affairs (including opium) respectively. Mr. Jebb has written the trade section, Mr. Warner that relating to the Anglo-Persian Oil Company, and Captain Wakeham the section on civil aviation.

3. The report, although considerably shorter than last year's, gives a full account of all matters of interest concerning our relations with this country as well as a clear review of Persia's internal affairs and external relations. I feel sure that you will agree that in this post, where current work is always heavy and does not tend to decrease, Mr. Nicolson and those who have assisted him deserve great credit for getting this interesting and detailed report completed so soon after the end of the year.

4. You may perhaps consider that it seems unduly pessimistic. Judged by the standard of things accomplished, it is depressing reading, but in an Oriental country, so far as my experience goes, things are rarely accomplished. One is rather striving not to lose ground. Our domination in the Gulf is unassailed, the position in the oil-fields intact. The troubles in Tehran are very trying to the temper and are apt to generate depression, but I doubt whether other Powers represented in Persia have much more to show on the credit side for 1926.

5. Persia, essentially not a militarist country, is courting the experience of a semi-military autocracy. Yet when one realises that the standing army does not exceed 33,000 men, this aspect of modern Persia tends to appear less terrible. Again, I cannot help feeling that the centralisation effected by Reza Shah to suit his own ends is rather a temporary phase than a permanent condition.

6. In the last resort British goodwill must always be essential to Persia, and all responsible Persians know it. Formidable as the list may be of our outstanding and unsettled cases, I have still sufficient optimism to believe that by patience, perseverance and the shadow of our might even this may in time be reduced, but on the Persian side it must not be supposed that gratitude, sweet reasonableness or justice will play the smallest rôle.

I have, &c.

R. H. CLIVE.

Enclosure.

Report on Persia for 1926.

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I.—GENERAL REVIEW OF THE YEAR 1926.

THE year 1926 has proved a disappointment. So much was hoped of it, so little has been achieved. Our main disillusion has centred around the character of Reza Shah. In 1925 all competent observers predicted that under the rule of this enlightened, energetic and patriotic Sovereign, Persia would at last enter upon a period of spiritual discipline and material progress. This hope has not in 1926 been fulfilled. The Shah since his accession has not shown himself to be enlightened or patriotic; his remarkable memory, his great gifts of comprehension, appear less striking and less valuable at the altitude to which he has now attained; his lack of vision, his complete lack of education, his lack of the more human qualities of honesty and kindness, seem all the more noticeable in the hard light that beats upon a throne; even his energy appears for the moment to have deserted him; his faculties have been clouded by the fumes of opium, which have distorted his judgment and induced long spells of sullen and secretive lethargy punctuated by nightmare suspicions or by spasms of impulsive rage. He appears bewildered, and even afraid; he has lost much of his popularity; he has lost his first opportunity; he has lost his own legend. It is much to be feared that his sole aim is to discredit not only the elder statesmen, but parliamentary government itself. He seems to be working towards a military autocracy. He has thus created an atmosphere of uncertainty and of fear. The Cabinet are afraid of the Majlis; the Majlis are afraid of the army; they are all afraid of the Shah. These forces completely neutralise each other. No one dares to move.

2. Persia has, of course, always been noted for its quietism—a quality which in its finer development possesses a certain vapid spirituality, but which in its more usual form is manifested by a degree of indolence and incompetence inconceivable to the Western mind. Hitherto, however, the Persians, although dilatory, have been regarded as the most agreeable of Orientals; they possessed (they still possess) a gentle and a childish charm. The Cossack spirit introduced by Reza Shah is not a condiment which mixes pleasantly with the lacteal character of the average Persian; it turns them sour. It is true that in the old days also nothing was ever done in Persia, but things could sometimes be arranged. To-day, their incapacity for positive action remains undiminished, but their amiability has been rendered somewhat acid by the gall of militarism and nationalism. The Persians are to-day as feckless as ever and as incompetent; but they are beginning to be conceited, and they are beginning to be disagreeable. Their ingratitude, in particular, is most distressing. Two illustrations will suffice. As a gesture to please Reza Shah, we withdrew the British troops from the Gulf and reduced our consular escorts; the result, a few months later, was a peremptory request, dictated by the Shah himself, that the Legation escort should itself be removed. More ungrateful even was their attitude to Sir Percy Loraine, who is universally recognised as having been one of the staunchest friends that Persia ever possessed; his departure was not commented on by a single Persian newspaper, and none but the most perfunctory civilities were paid him at the frontier when he left. The record of the year's work provides further illustration of this degeneracy; no single one of the questions outstanding between His Majesty's Government and Persia has been settled; that was to be expected; what is more disturbing is that, under the influence of Reza Shah, the Persians have of their own initiative raised other questions which we had hoped were either settled or dormant. To the passive indolence of the old Persia has been added the active self-conceit of the new. We have gained nothing by the advent of militarism and centralisation in Persia; it may well be that we have lost a great deal.

3. The internal condition of Persia during 1926 has been characterised by friction in almost every organ of the State. There have been two serious military risings and one serious tribal revolt. The Majlis have throughout the year been at loggerheads with the Cabinet on the one hand, and with the Court on the other. In the provinces, administration has been complicated by the constant squabbles

between the civilian Governors and the military commanders. The American Financial Mission have incurred the enmity of the Shah and army, and their usefulness has been impaired by the constant intrigues which these critics have made against them. The merchants have suffered severely from the Russian embargo, and the people have been impoverished by the unduly heavy taxes and surtaxes with which they are charged. No economic progress has been made. The general feeling in Persia to-day is one of bitterness, disappointment and despair. The State finances alone have prospered and progressed.

4. In external politics the Shah has been at pains to conciliate Russia, and to convince the Soviet Embassy that he is in no way under the influence of His Majesty's Legation. The result has been that he has pleased neither, and confused the issues; the Russians have raised their terms, His Majesty's Government have experienced a loss of confidence, and the Persians are merely bewildered. The more intelligent Persians ardently desire an open and comprehensive policy such as they can either follow or oppose. The secretiveness and lack of continuity of Reza Shah is beginning to get seriously upon their nerves. Meanwhile, and incidentally, British prestige in Persia has somewhat declined. No Persian, and few foreigners, believed that our unceasing support of Reza Shah was given for nothing; they are convinced that we extracted definite promises from Reza Khan before we assisted him to obtain his throne; they observe that whatever these promises may have been, they have in no way been fulfilled; and they imagine, therefore, that His Majesty's Legation have been tricked or disregarded. The Turkish treaty, the dismissal of Moshar, the appointments of Farukai, Mustaufi and Mushaver, the raising of the Russian Legation to the status of an Embassy, the exclusion from the Railway Bill of all mention of a line to the west, the treatment of the Sheikh of Mohammerah, the non-settlement of our debt, the disregard of our protests regarding Semnan and Damghan, the embargo on luxury articles in violation of our treaty, the despatch of Teymourache to Moscow—have all been regarded by Persian opinion as so many affronts to Great Britain. They do not imagine, indeed, that we have taken these affronts with forbearance; they think that Sir Percy Loraine was transferred to Athens as a warning, and that we then let loose the troubles in Baluchistan and the Kurdish rebellion. The fact that these, our supposed counter-movements, were not very effective, does not enhance our prestige, namely, the amount of fear that we are able to inspire. Their self-conceit has thereby been increased, and they toy complacently with such ideas as an Asiatic League of Nations, or the emulation of the Nationalists in China. The extent to which they misinterpret our policy of forbearance, of good relations and of non-intervention is most disheartening. It must be recollected also that we suffer, somewhat gratuitously, from the contiguity of Iraq. Neighbouring States are seldom amicable, and the Persian dislike of Iraq affects us directly. The result of all these facts and prejudices is that the balance-sheet of the year is not encouraging. It may be given as follows:—

Summary of Questions negotiated between His Majesty's Government and Persia during 1926.

- (1) *Representation.*—Sir P. Loraine left Tehran on the 2nd July. Mr. Clive arrived on the 5th November. In the interval Mr. Harold Nicolson acted as Chargé d'Affaires.
- (2) *Questions settled during 1926.*—None.
- (3) *Outstanding Questions still unsettled at the end of 1926.*—Persian debt to His Majesty's Government, Differential Tariff, Sheikh of Mohammerah, Recognition of Iraq, Gangir Water, Iraqi camel and motor claims, trademarks, ex-Valiahd's pension, Persian Railways Syndicate, Duzdap Railway, Bushire Agreement, Kerman-Bunder Abbas Telegraph Line, Central Persian Telegraph Line, Tehran-Khanikin Line, criminal procedure, bankruptcy procedure, British private claims, Tunakabun timber, Persian Transport Company's arbitration.
- (4) *Questions in which the Persian Government during 1926 have evaded their Written Engagements.*—Imperial Airways. Transferred Territories Agreement.
- (5) *Actual Violation of our Treaty Rights.*—Luxury Surtax Bill. Differential Tariff. Requisitions of British-owned property.
- (6) *Questions thought dormant which the Persian Government have raised gratuitously.*—Henjam and Basidu, Gulhek village, Sowar escorts, status of British schools.

5. Such is the picture of Anglo-Persian relations, of the condition of Persia itself, at the end of 1926. It must be emphasised, however, that things are not nearly as black as they appear. The year that has passed is no worse, it may even be better, than every other year since the death of Nasr-ud-din. It is true that we have secured the settlement of none of our outstanding questions, but it is also true that Russia, for all her efforts, is exactly in the same position. It is true that the Shah has proved a disappointment, but at least he is still there; he may possibly improve; in any case, he is better than the Kajars, infinitely better than a republic. It is true that the Government has been feeble, and the Majlis obstructive, but the former may be replaced, and the latter is very young. Although the Persians much dislike us, they are still sufficiently afraid of us not to go too far. They have attempted a few pin-pricks, but they have not seriously endeavoured to attack our vital interests. The Imperial Bank, the telegraphs, the Anglo-Persian Oil Company have prospered exceedingly. If the Russians have increased their influence in the north, our interests in the south have since 1925 been in no way seriously affected. The Capitulations are at the moment more or less intact. So long as our essential interests can be maintained there seems no real reason why His Majesty's Government (as distinct from His Majesty's Legation) need be unduly disturbed by the condition of Persia.

II.—RELATIONS WITH FOREIGN COUNTRIES.

Russia.

General Comments.

6. The strangely elusive quality of the Persian character, while it has delayed the settlement of all outstanding questions between Great Britain and Persia, has also caused the Russians no little exasperation. The Soviet Government have during the year aimed several heavy blows at Persia, but these blows have to a large extent been deflected; to a large extent the Russian bludgeon has whirled rather aimlessly in the air. Yet to all appearances the Russian position gave them every possible advantage. The physical menace of so vast and unscrupulous a neighbour would intimidate even a courageous nation; and the Persians are anything but courageous. More adventitious circumstances contributed also to the force of Russian influence in this country. The Shah, in his anxiety to maintain a precarious dynasty, was personally anxious not to incur the hostility of the Soviet. He agreed to the elevation of the Russian Legation to the status of an Embassy, he appointed Russian sympathisers to the most important posts in the Cabinet, he used every endeavour to induce the Majlis to approve the agreement regarding the Caspian fisheries, and he sent Teymourache as his personal representative to Moscow. Conversely, he did everything possible to dissociate himself from Great Britain and to make public his repudiation of any pro-English tendency. The Cabinet for their part were equally anxious to come to some comprehensive agreement with Russia; the Deputies were to an important extent in Russian pay; the commercial community was largely dependent on Russian trade, and the press was almost unanimously in favour of, and under obligation to, the Soviet Embassy. Public opinion, so far as it exists in Persia, were coming to look upon Russia not as a Western Power but as the protagonist and protector of the Asiatic cause. Such recalcitrant elements as might exist could either be bought over or terrorised by the threat of being pilloried as British agents. And yet such is the Persian distaste for commitments, such is their horror of coming to a decision, that the Russians during the last year have been scarcely more successful than we have ourselves. They attribute their failure to the machinations of His Majesty's Legation and the American Mission and appear unaware that we, as well as the American advisers, suffer to an even greater extent from Persian indolence, suspicion and cowardice. The Russians, however, can afford to wait; they are in physical possession of their immediate desiderata and have no urgent need to regularise their position by formal agreements; they know that every day their economic hold over the northern provinces is increasing, and that it is merely a matter of time before their influence, whether covert or ostensible, will have permeated the whole of Northern Persia from Meshed to Tabriz; they know that in the last resort they could easily overthrow the present régime; and thus, although irritated by the *vis inertiae* of Persia, they can console themselves with the reflection that in the end it will be Persia herself who will suffer most from this impassive and uninspired lethargy.

Embargo on Persian Exports.

7. As from the 1st February the Russian Government placed an embargo on all exports from Persia with the exception of cotton. This step was doubtless necessary to protect the chervonetz and to redress the unfavourable trade balance of the previous year. Nor was it applied solely to Persia, but it also affected imports from Turkey, Western China and Afghanistan. It was none the less interpreted by the Persian Government and public as a deliberate gesture of political pressure. The economic effects of the embargo are considered in a subsequent section of this report (see paragraph 113). Politically the action of the Soviet Government produced upon the Shah and Government a feeling of despair, followed by a desire to come to terms with Russia, even at the cost of considerable sacrifices. It was from this angle that the negotiations for a Russo-Persian Commercial Treaty were subsequently envisaged. The cumulative effect of the pressure thus exercised by the Soviet was increasingly apparent as the year drew to its close. Concessions which appeared impossible in February would gladly have been made by the end of December. The resistance of the Persian Government was gradually weakening and the American mission experienced increasing difficulty in galvanising them to any serious resistance. Public opinion, on the other hand, in so far as it is represented in the Majlis, reacted with greater virility to Russian pressure. The obstinacy of the Majlis may have been due partly to ignorance, partly to their inability to agree on anything whatever, and partly to their desire to obstruct whatever policy seemed to recommend itself to the Shah and Government; the result, however, has been that in spite of Teymourache's mission and the protracted negotiations which followed no agreement has as yet been reached. The Russians, who hold all the cards, are prepared to wait.

Caspian Fisheries.

8. It will be recollected that at the end of 1925 the Russian Embassy were exerting great pressure upon the Shah and Government to secure the ratification of the Fisheries Agreement which had in the previous year been initialled by Teymourache and by the Shah himself. Under this agreement the fisheries were to be exploited by a Russo-Persian company, on the board of which the Soviet would hold a majority; the technical staff was to be composed entirely of Russians, and Persians were to be employed only for the unskilled labour. This agreement met with serious opposition, not only from the Majlis, but also from Dr. Millsbaugh; the Shah, for his part, considered himself pledged to support the agreement and endeavoured, ostensibly at least, to persuade the Deputies to ratify. The agreement was with some slight modifications accepted by the Public Works Committee of the Assembly and presented to the Fifth Majlis early in February. An attempt was made by the Government to rush the agreement through the final sittings of the Fifth Majlis, but the Deputies proved obstructive and the proposal was finally talked out. The Russian Embassy were highly incensed by these tactics, and allowed it to be supposed that the embargo on Persian exports was only a foretaste of what would follow if the Sixth Majlis proved no more "national" (i.e., pro-Russian) than its predecessor. These implicit menaces do not appear to have had any very serious effect upon public opinion, but the uneasiness which they caused the Shah was more personal and profound. He went out of his way to conciliate the Russian Embassy, and, finally, when the Khorasan rising had convinced him of the potential harm that the Russians could do him, he hurriedly and secretly despatched Teymourache to Moscow. One of the main objects of this mission was to negotiate some new agreement on the fisheries question, such as might stand some chance of ratification by the Sixth Majlis. No final agreement had, however, been reached by Teymourache by the end of 1926, the Russians refusing to abandon their claim to have a majority on the board of the proposed joint company. Meanwhile, the Soviet continued to exploit the fisheries and to occupy the wharfs and warehouses of the Lianosoff Concession.

The Teymourache Mission.

9. In May the Soviet Government made overtures to the Persian Government for the conclusion of a pact of friendship analogous to those signed between Russia and Turkey, and Russia and Afghanistan. The Persian Government replied that a settlement of outstanding questions and the removal of the embargo must precede any such treaty. At the end of July the Shah, having been alarmed by the Khorasan rising, hurriedly despatched his Minister of the Court, Abdul Hussein Khan

Teymourache, on a personal and secret mission to Moscow and Angora. The Persian Cabinet were not informed of the instructions which His Majesty had given to his delegate, and in order to save their face they entrusted Teymourache with a mission of their own to negotiate a commercial treaty, a settlement of the Caspian fisheries dispute, and such minor matters as the Port of Pahlavi (Enzeli), and the delimitation of the Atrek and Moghan boundaries. The Cabinet at the same time provided Teymourache with a draft pact on the lines of the Turco-Persian Treaty, beyond the limits of which he was not to trespass. Teymourache, charged with this duplicated embassy, reached Moscow on the 15th August, where he was joined by the Turkish and Russian Ambassadors at Tehran. His Majesty's Chargé d'Affaires expressed some uneasiness lest this mission might be misconstrued by British public opinion, and received both from the Government and the Shah assurances that Teymourache had merely gone to Moscow to settle commercial affairs, that he would then proceed to London, and that in any case the mission had no political significance and denoted no anti-British tendency in Persian policy. It appears, indeed, that the particular mission with which the Shah had entrusted Teymourache was primarily to negotiate for the purchase of aeroplanes and munitions. The Russians demanded so huge a price for this material that the negotiations came to nothing. Nor was Teymourache more successful in negotiating a commercial agreement, although certain projects and counter-projects providing for a licensing system of Persian exports were exchanged. These projects are referred to in the Commercial Section of this report (see paragraph 125). The Caspian fisheries also remained in suspense, and in September Teymourache left Russia for Berlin, proceeding subsequently on what appears to have been a purely complimentary visit to Angora. The *procès-verbaux* of his negotiations had meanwhile been referred to Tehran, where the Government and the American advisers examined the scheme for a balance of Russo-Persian imports with bewildered but most unfriendly eyes. In December Teymourache returned direct to Tehran without again visiting Moscow, and the negotiations were then continued between the Government and the Russian Embassy. No agreement, however, had been reached by the end of the year.

Russo-Persian Frontier.

10. An agreement was signed at Poltoratsk on the 20th February defining the respective rights of Persia and Russia to the waters of the various frontier rivers. A delimitation commission was also to demarcate the disputed frontier in the Atrek region, but the findings of this commission have not yet been made public.

Russian Embassy.

11. The Russian Ambassador has made no serious attempt to abuse his position as doyen of the Diplomatic Body. Such controversial questions as have arisen during the year have affected the interests of the capitulatory Legations only, and have been discussed by them under the chairmanship of the German Minister. The Diplomatic Body has met once or twice as a whole, but only for questions of secondary importance. At these meetings M. Yureniev has presided with tact and not without dignity. He has also done his best to act as a fitting spokesman for his colleagues on ceremonial occasions.

Anglo-Russian Relations in Persia.

12. Correct relations have been maintained, and the Ambassador has even shown a desire for greater friendliness. Towards the end of the year a certain reserve has been noticed on the part of the Russian Embassy regarding the grant of diplomatic visas. No such visas, however, have as yet been refused.

Russian Propaganda.

13. An interesting change in the methods and objectives of Russian propaganda was distinctly noticed during the year. The old Communist slogans, the attempts to stir up internal discontent, were abandoned; such indiscreet agents as M. Apresoff at Meshed and M. Walden at Shiraz were removed; every endeavour was made to represent Russia as the friend and protector not only of the Persian people, but also of the existing Persian régime, and no occasion was missed of pointing to Great Britain as the fount and origin of all Persia's misfortunes. A campaign of blackmail and intimidation was conducted against all persons who showed any pro-British bias, with the result that few politicians have had the courage to sponsor any of our outstanding questions for fear lest he may be labelled as a "British agent" or

accused of having accepted British bribes. This method of attack has even affected the American advisers, against whom the wholly unfounded charge of Anglophilism is constantly being levelled by Russian propaganda agencies. There can be little doubt that these methods are more dangerous, and have already met with more success, than any efforts to impose upon Persia Socialist doctrines which are ill-adapted to the country. They have been reinforced by intensive economic propaganda, by subsidised newspapers, by cheap transport rates, and by every form of commercial advertisement and penetration. That Russian propaganda has not been more effective is due, in the first place, to the fact that, while professing ardent friendship for Persia, they have resorted to such unfriendly acts as the embargo on Persian exports and the arrest of the Persian merchants at Baku. Moreover, their propaganda against Great Britain is conducted with a lack of psychological insight which is surprising in a people so akin to Persian mentality. Thus, by representing the British Empire as a vastly powerful machine of universal oppression, they may well inspire hatred, but they do also inspire fear. Were the Russian propagandists to take the line that the British Empire was on the verge of dissolution, that our forbearance and our friendliness were, in fact, symptoms of organic weakness, were they to urge Persia to follow the example of China and boldly to attack British interests in this country, then, indeed, we might be faced with an awkward development and one which, without forcible counter-measures, it would be difficult to resist. As it is, however, by making a bogey of the British Empire, they have so terrified the Persians that they are as scared of doing anything against us as they are frightened of doing anything in our favour.

Iraq.

General Comments.

14. It cannot be said that the events of the past year have proved auspicious for Perso-Iraq relations. It is true that frontier quarrels and acts of brigandage have been less marked than in previous years; there have inevitably been complaints on both sides of sheep stolen and camels looted; the migrations of such tribes as the Walad Bagi, the Babajani, and, above all, the Pizhder have caused the Persian Government much uneasiness; the Iraq Government, on their side, have also had very justifiable cause of complaint; but, on the whole, these incidents could well have been settled without friction had the Persian Government displayed towards Iraq a spirit of reasonable confidence and friendliness. That Persia has not displayed this spirit is due to a variety of causes. At the back of the Persian mind is a dislike of Arabs in general, and Iraqis in particular; this dislike is much increased by the intimate relations prevailing between His Majesty's Government and that of Iraq. The religious factor—the circumstance, that is, that the holy places of Persia are on Iraq territory—produces an additional and constant element of resentment, and the large and querulous Persian population in Iraq deluge the Majlis with complaints which are generally imaginary but invariably believed. Such matters as the Iraq Law of Inheritance, or the small fee payable by those Persians who wish to retain their nationality although resident in Iraq, are magnified by propagandists into accusations of robbery and persecution. An atmosphere of suspicious irritation is thereby created which it is exceedingly difficult to dispel. These suspicions have during the year under review been embittered by the Kurdish rebellion and the Shah's conviction that the rebels were deliberately being assisted by the British authorities in Iraq as part of a policy of Kurdish autonomy under British protection. It is this predominantly which has rendered the Shah so particularly evasive in such questions as that of recognition or the disposal of Simko and Salar-ed-Dowleh; it is this also which has rendered the Government unwilling to behave with energy or fairness in such matters as the release of the two British aviators, or the supply of the Gangir water to Mandali. The protection to be afforded to Iraqis in Persia has also caused some trouble to His Majesty's Legation and consuls; the Persian Government do not deny our right to exercise good offices on behalf of Iraqis, but they do their best to ignore such representations as may be made. The claims of Iraqi camel-owners or chauffeurs whose beasts and cars were requisitioned either by the Alimentation Department or the military remain unsettled. The Iraqis, who suffer from this policy of wilful evasion and obstruction, naturally imagine that they are not being given the full protection to which they are entitled. Should the day come when these minor disputes can be dealt with by an Iraq representative at Tehran, a constant source of friction between the Legation and the Persian Government will have been removed.

Question of Recognition.

15. It will be remembered that at the end of 1925 the Persian Government had formally announced their intention to recognise Iraq, but had done nothing to carry this intention into effect. In March of 1926, Zahir-ul-Islam, brother of the Imam Juma of Tehran, undertook a journey to Bagdad; he was received before his departure by Reza Shah, who expressed his intention immediately to recognise Iraq, and suggested to Zahir-ul-Islam that, if he could bring back with him a letter addressed to the Shah by King Feisal, a suitable reply would be returned, and the necessary atmosphere for recognition would thereby be created. Zahir-ul-Islam and Sir Percy Loraine were both somewhat suspicious of this manœuvre, since a similar letter from King Feisal to Ahmed Shah had remained unanswered. They were both assured, however, that on this occasion a courteous and immediate reply would be returned. Zahir-ul-Islam was given such a letter by King Feisal on the 14th April. It was not, however, till the 3rd June that Sir P. Loraine discovered that this letter in its turn had been ignored. The excuse given was that Zahir-ul-Islam had forgotten, until the 2nd June, to deliver it. The Shah at the same time repeated his promise to Sir Percy Loraine that he had decided to recognise; no obstacle, he reiterated, remained in the way; he would at once instruct his Prime Minister to discuss the procedure to be followed. No such discussion ensued, and the letter of King Feisal remained unanswered.

16. On Sir Percy Loraine's departure, Mr. Nicolson, having received from the High Commissioner at Bagdad a private hint that Iraq did not wish to appear to be thirsting for recognition, confined his action to suggesting incidentally that, since the conclusion of the Mosul negotiations, Iraq was less interested in recognition than Persia herself. In any case, the moment, owing to the rebellion organised by Salar-ed-Dowleh on the Iraq frontier, was inopportune for more direct representations. It was not, therefore, till the arrival of Mr. Clive that the matter was again raised in any concrete form. The new Minister, at his first private audience with the Shah on the 16th November, referred to the fact that King Feisal had with justice been offended at receiving no reply to the letter entrusted to Zahir-ul-Islam. The Shah replied that this letter had been of a formal nature and that an answer couched in similar form would have implied recognition; he was prepared, of course, to send an informal reply as a mere matter of courtesy; he would, in fact, do so at once. As regards the major question, His Majesty stated that "he was now definitely resolved" to accord recognition; he would be prepared courteously to receive a mission of congratulation from Iraq, and would instruct his Government to discuss with that mission the outstanding matters between Iraq and Persia. Mr. Clive made it clear that recognition must precede discussion, and suggested that the first mission from Iraq should merely be of a formal nature, and that all discussion should be postponed until a return mission reached Bagdad. The Shah stated he was agreeable to this procedure and would instruct the Prime Minister to visit Mr. Clive and arrange the details. No such visit had materialised by the end of the year, nor, so far as the Legation are aware, has any reply, formal or informal, been sent to King Feisal's letter. The Minister of Court, however, has suggested that all would be well if Iraq were to extend to Persians the special judicial rights accorded to nationals of those Powers who formerly enjoyed Capitulations in Turkey. He was informed that this was a matter for discussion after recognition had been accorded.

Gangir Water.

17. It will be remembered that, under the ruling of the Turco-Persian Frontier Commission of 1913-14, the waters of this river were to be divided in equal halves for the benefit of the cultivators of the district of Saumar (Persia) and Mandali (Iraq). It was found, however, that one-half of the water was not sufficient for Mandali, and negotiations were opened for the purchase from Saumar of a further proportion over and above the moiety to which Mandali were legally entitled. The fact that the inhabitants of Saumar controlled the upper waters rendered an equitable distribution a matter of some difficulty, and at the end of 1925 Manshur-ul-Mulk, representing the Persian Government, and Mr. Edmonds, of the Iraq Ministry of the Interior, visited the locality and made independent but analogous reports to their respective Governments. Unofficial negotiations were at the same time opened between the inhabitants of Mandali and Ali Kuli Khan, Persian Governor of Aivan, and an agreement was reached whereby the inhabitants of Mandali, in addition to the moiety devolving on them by right, should purchase a further quarter of the total against payment of 7,000 rupees a year. The Legation

pressed the Persian Government to give effect to this agreement, and received an assurance on the 18th March that orders had been given that, pending a final settlement, sufficient water should be allowed to Mandali to meet all requirements. These orders, owing apparently to the opposition of the financial agent at Kermanshah, were not executed, and, as a result of further representations, a renewed assurance was obtained in writing from the Persian Minister for Foreign Affairs that instructions had been issued to enable the cultivators of Mandali to purchase the "surplus" water at a rental of 7,000 rupees. In July the Legation were informed that Mandali were receiving scarcely any water at all, and, as a result of their protests, a note was received on the 3rd August from the Minister for Foreign Affairs stating that "peremptory orders" had been sent to the local authorities that at least half of the water should be released. By September these orders had not been executed, and it was then indicated to the Persian Government that they were exposing themselves to a demand for damages. They replied to this by stating that the Legation had been misinformed, and that the "surplus" water was, in fact, being allowed to flow through to Mandali. A strong note was then addressed to the Persian Government rebutting their contention, and again warning them that damages would be claimed. From private statements made to the Legation by the Persian Foreign Office, it then became clear that the difficulty arose from the fact that the Shah had himself acquired properties in the district and had diverted the Gangir water for his own needs. At the same time a despatch was received from the High Commissioner at Bagdad forwarding a claim of 479,100 rupees for damages entailed upon the cultivators of Mandali owing to the loss of water to which they were entitled. This claim was forwarded to the Persian Government on the 30th December, 1926.

Sheikh Mahmoud.

18. The operations undertaken by Iraq to prevent Sheikh Mahmoud from levying taxes on the Jaf tribe resulted in his definite withdrawal into Persian territory, where he remained throughout the year. During these operations he had succeeded, however, in capturing two British aviators, and the Persian Government were repeatedly urged to secure their release. Although they manifested some desire to do so, yet they were unable to render their authority felt in any effective manner. Their operations against Salar-ed-Dowleh, and their apprehension lest Sheikh Mahmoud might join the rebellion, increased their incapacity. The two officers were in the end released through the intervention of Captain F. R. S. Shaw, of the Royal Army Medical Corps. Towards the end of the year the negotiations which took place at Bagdad between the Iraq Government and a representative of Sheikh Mahmoud seem to have convinced the Persian Government that His Majesty's Government were desirous of creating an autonomous Kurdish State with its capital at Suleimanieh. Their suspicions of the Iraq mandate were thereby increased.

Jaafar Sultan.

19. The influence which the Iraq Government are able to exercise over this chieftain owing to the fact that a large proportion of his properties are in Iraq territory was successfully exerted during the earlier part of the year to restrain him from overt acts of disloyalty against the Persian Government. In April, however, the Persian local commanders broke certain promises which had been made to Jaafar, who was so incensed by their duplicity that he took up arms and attacked and captured Juanrud. He then invited Salar-ed-Dowleh to join him, and was thus in effect the instigator of the Kurdish rebellion. With the collapse of this rebellion Jaafar Sultan retired to the frontier. It is possible that, should he cross into Iraq, a demand will be made for his extradition.

Iraq Railways.

20. In August the Iraq Railway Directorate, with the consent of the Persian Government, opened a booking office at Kermanshah. Towards the end of the year Colonel MacCormack, of the American Financial Mission, made an unofficial proposal that the Khanikin line should be extended to the foot of the Paitak Pass. This proposal is being considered.

Turkey.

21. On the 22nd April a Treaty "of Peace and Amity" was signed by the Turkish Ambassador and the Persian Prime Minister and Acting Minister for Foreign Affairs. This treaty, which was modelled on the Russo-Turkish Treaty of

the 17th December, 1925, provided for the effective neutrality of each party in the event of any attack being made against the other by any third Power or combination of Powers. Provision was also made for the amicable settlement of disputes and the suppression of subversive or propaganda organisations established in the territory of one party, and aimed at the political or social stability of the other. In the *procès-verbal* of the signature of this treaty the Persian representatives reserved their rights and duties under the Covenant of the League of Nations, and laid it down that they would not grant capitulatory privileges to Turkish citizens in Persia. The treaty was ratified by the Angora Assembly on the 22nd May. It has not yet been ratified by the Majlis, but is regarded by the Persian Government as having come into force. The extreme secrecy and rapidity with which this treaty was concluded three days before the coronation of Reza Shah, and at a time when the Mosul negotiations were still at an acute stage, led many ill-disposed persons to suggest that the Shah had chosen this moment to demonstrate his independence of British friendship and support. Such suspicions were entirely stilled by the assurances given by several Persian Ministers that the Russian Embassy had also been kept completely in the dark. The latter, on the other hand, and in order apparently to cover their discomfiture, allowed it to be known that they had inspired the negotiations from the outset. His Majesty's Government for their part approved of the treaty as being a further step towards the stabilisation of Persia, and no ill-feeling was aroused by the circumstances in which it was concluded. For the moment, also, the treaty appears to have eased the situation on the Turco-Persian frontier, and the Turkish military attaché was able to arrange a system of co-operation in regard to the control of local marauders. With the outbreak of the Kurdish rebellion, Persian suspicions were again aroused, and the failure of the Turks to capture Simko, coupled with secret information regarding Turkish duplicity, again introduced an element of discord in Turco-Persian relations. The Turkish Ambassador, however, was very active in fostering the close relations established since April; in August he proceeded with Taimourtache to Moscow, and he arranged for the subsequent visit which the latter paid to Angora. It is still uncertain whether this visit was of anything more than a complimentary nature, nor can it be predicted that the traditional friction between Turkey and Persia caused by their religious differences and common frontier will permanently be allayed.

United States of America.

22. Mr. Hoffman Philip, the new United States Minister, presented his letters on the 7th January. No incidents have arisen during the year to disturb the smooth course of relations between Persia and the United States. The difficulties experienced by the American Financial Mission are dealt with in paragraph 34.

Japan.

23. The negotiations between Japan and Persia, which were suspended in 1923 owing to the refusal of the Persian Government to accord capitulatory status to Japanese subjects, were resumed in October on the arrival of a small Japanese mission headed by Mr. Iwataro Uchiyama. These negotiations were still proceeding at the end of the year, and no definite progress had been made towards the establishment of official diplomatic relations.

Germany.

24. Relations with Germany remained good throughout the year, and the patience and assiduity of Count Schulenburg were finally rewarded by his obtaining an important civil aviation contract for the Junkers Company (see paragraph 191). The German Legation have made no endeavours to play a political rôle in Persia, and their attitude towards His Majesty's Legation has been consistently helpful and friendly.

Belgium.

25. The Persian Government aroused the indignation of the Belgian Minister by endeavouring to tamper with the contract of the Belgian Tramway Company, and finally by offering a concession for a motor-omnibus service to a Danish group. M. Cuvelier appears to have been unable to obtain satisfaction for this violation of the rights of his nationals. A further source of ill-feeling was the delay on the part

of the Majlis in approving the engagement of M. Jamar as adviser to the Ministry of Posts and Telegraphs. This official had been specially selected by the Belgian Government at the request of the Persian Government, and had been seconded for the purpose from important service in the Congo. The Belgian Government, as the months passed, became highly incensed at this procrastination. No decision, however, had been reached by the end of the year.

Hejaz.

26. The alleged iconoclasm of the Wahabis, and the reported destruction of tombs in the Baghi cemetery at Medina, caused great popular indignation in Persia, which was exploited by the clergy in order to enhance their own prestige. The Prime Minister was obliged to publish a proclamation denouncing these atrocities, and a commission of enquiry was formed consisting of several leading politicians and divines. It appeared at one moment that the assistance of His Majesty's Government would be invoked for the purpose of restraining Ibn Saud, but Sir Percy Loraine was able discreetly to indicate that such a request would, in view of our policy of non-intervention in Moslem affairs, be of a highly embarrassing nature.

Afghanistan.

27. In spite of a few instances of frontier robberies, relations with Afghanistan remained friendly. The Shah, on his accession, sent messages and presents to the Ameer and the Afghan Minister at Tehran has been endeavouring to the best of his limited capacity to make a good impression. Hidayat-Allah Khan was in April appointed Afghan consul in Meshed; he is reported to frequent the Soviet consulate-general, but has refrained from imitating his predecessor's example by intriguing with the frontier tribes.

Poland.

28. The negotiations for a commercial treaty between Poland and Persia dragged on throughout the year, and have even now not been concluded. The Polish Minister, who is anxious to revive the large trade in glass and textiles which existed between Persia and the former Polish provinces of Russia, personally explored the trade-route to Trebizond, hoping to find therein a means of communication independent of Russian transit. His endeavours to interest the Persian Government in this route have of late, and owing to the Russian embargo, had some slight success.

Egypt.

29. Abdul Azim Rashid Pasha was recalled during the summer and Moheb Pasha, although appointed to succeed him, did not proceed. It is understood that the post has now been offered to Hussein Nashat Pasha, whose position as favourite of King Fuad caused such a stir in 1925. The Egyptian Legation have had great difficulty during the year in protecting the interests of a few Egyptian chauffeurs whose cars were requisitioned by the military. Except for this their attitude has been largely that of observers, though they have shown some ingenuity in avoiding being drawn into the controversy regarding the desecration of shrines by the followers of Ibn Saud.

Italy.

30. M. Carlo Galli left Tehran on the 27th September on his transference to Lisbon, and his successor, M. de Facendis, only arrived during the last few days of December. The Italian Legation have shown remarkable activity in flattering Persian vanity and in fostering commercial relations between Persia and Italy. They have spent considerable money in advertising Italy and Italian merchandise in the Persian press. The Persian Government have been persuaded to send a certain number of Persian youths to Italy to complete their studies; some of these, apparently, are to be trained in the Italian navy. A group has been formed in Rome for the purpose of undertaking works of public utility in Persia, and Colonel MacCormack, when visiting Italy, was convinced by the warmth of his reception and the publicity given to his movements that from Italy at least Persia would receive ready and disinterested assistance. M. Galli has certainly given the impression that Italy is by no means disinterested in Persia; it remains to be seen whether this impression will be maintained by his successor.

France.

31. Relations between France and Persia have not been very satisfactory during the year under review. The failure of M. Bonzon to prevent the civil aviation concession being given to the Germans led, it is generally stated, to his recall. His last weeks in Persia were further embarrassed by the fact that owing to the treachery of a member of the Legation staff the Shah obtained possession of one of M. Bonzon's despatches, in which he referred to His Majesty as "une brute sauvage" and urged the Quai d'Orsay to put no confidence in so ignorant and unreliable a dictator. His successor, M. Gaston Maugras, presented his letters on the 21st April, but he has as yet been unable to remove the suspicions engendered by M. Bonzon's despatch and by the presence of Ahmed Shah in Paris. The Shah appears at one moment to have suspected the French of intriguing with Simko, and a series of violent anti-French articles were issued to the press.

Protection of Foreign Interests in Persia.

32. An endeavour was made during the year to limit and to define the extent of protection to be afforded to foreign subjects by His Majesty's consular officers in Persia. Apart from those foreigners (*i.e.*, Austrians, Czechs, Estonians, as well as Palestinians and Iraqis) with whose interests His Majesty's Legation was charged under formal agreement with their respective Governments, a practice has arisen whereby His Majesty's consuls were called upon to protect all foreigners who had no consul of their own. In former days this entailed no undue responsibility, since foreigners in Persia were few and far between, but the introduction of motor traffic and the large number of foreign-protected drivers thereby circulating in the provinces rendered some more stable system essential. An arrangement was therefore come to with the Italian and United States Legations whereby protection would only be accorded to their nationals by His Majesty's consuls in specific cases, and on a written request from the Legation concerned. A similar proposal was made to the French Legation (who in their turn protect Syrians, Spaniards, Swedes, Latvians, Greeks and Swiss) and was referred by them to Paris. No decision had been reached in the matter by the end of the year. It is unnecessary for the purposes of this report to detail the individual cases in which protection has been afforded.

Persia and the League of Nations.

33. Persia is year by year becoming more conscious of the League of Nations and looks upon Geneva with an increasing interest, coloured at moments by confidence and at moments by dislike. She was thus careful, in concluding the treaty with Turkey, to reserve her obligations under the Covenant; at a moment when it appeared likely that Indian troops would march on Duzdap, the Covenant of the League was at least mentioned in certain departments of the Persian Foreign Office, and an attempt was made, though apparently unsuccessfully, to send Prince Arfa to Scandinavia and to secure for Persia a less unworthy representative at Geneva. The fact that Persia was almost, and with the support of His Majesty's Government, elected to the Council made a very decided impression, and has aroused the hope that, if she behaves towards the League more reasonably than heretofore, Persia may yet find herself among the elect. On the other hand, the visit of the Opium Commission and the possibility that, as a result of its recommendations, Persia may be deprived of one of her more stable articles of export, has roused considerable anxiety in the Majlis. This anxiety is particularly acute among the members of the American Financial Mission.

III.—INTERNAL AFFAIRS.

Financial.

American Advisers.

34. The opposition to the American Financial Mission has increased during the year under review. The average Persian argues that the mission were engaged at great expense on the tacit understanding that they would shortly produce a large American loan in the wake of which factories and railways would spring up all over the country. Dr. Millspough has as yet produced no money from Wall Street, and

the railways and factories of Persia are still non-existent. The average Persian—and most Persians are average—concludes, therefore, that the Americans have been an unfortunate and expensive failure; that in effect they have done nothing more than urge Persia to live on her own resources, to enforce taxes without discrimination, and to dismiss everybody's relations from Government employment on flimsy protests, such as incompetence or corruption. The vague disfavour with which the mission is thus generally regarded is exploited by those whose interests have been directly affected by Dr. Millspaugh's rigid methods, and is from time to time encouraged by the more serious criticism of those few Persians who have a knowledge of economics. Such persons contend that Dr. Millspaugh does not know the difference between money and wealth, and that he has enriched the Treasury at the expense of the country as a whole. They point to the fact that taxation is heavy and that the purchasing power of the people has sensibly declined. It is true also that by leaving idle the sums collected from the sugar and tea monopoly, Dr. Millspaugh has exposed himself to the criticism of every amateur economist. The probable explanation of Dr. Millspaugh's apparent lack of vision is that he has thought only in terms of budgetary and Treasury statistics, that he has interpreted his task as too exclusively financial and not as economic, and that, if he has thought at all of developing the natural resources of Persia, he has thought of it only as an ultimate aim to be secured when once the finances are in order, when once American industry and banking can be brought to see that investment in Persia is not only an act of Christian helpfulness, but also a paying proposition. It is to be feared that when this time comes Dr. Millspaugh will no longer be here. He has, in effect, antagonised every section of the population. The politicians have been incensed by his constant and tactless interference and by the very extended interpretation which he gives to the powers devolving under his contract. The land-owners—that is, the nobles and the clergy—have been driven into opposition by his ruthless insistence on their paying their arrears of taxation—an insistence which in July drove the aged Sepah Salar to suicide. The civil service have been dismayed by the dismissal of so many Government servants and by the favours shown to the younger graduates of the American college. And, finally, the Shah and his generals have been outraged by Dr. Millspaugh's refusal to advance them money without the sanction of the Majlis, and his constant, though fruitless, endeavours to examine their accounts. Towards the end of the year Dr. Millspaugh became vaguely aware of this increasing unpopularity; his contract would expire only in the autumn of 1927, but he would, in any case, be going to America on leave early in the spring; he realised, therefore, that, if he was to secure a renewal of his contract, more popular methods would have at once to be adopted. He thus deluged the Majlis with a series of Bills and projects of Bills providing for the establishment of an agricultural bank, and of a Government pawnshop, for the drafting of a new Civil Service law, for the payment of arrears of taxation by instalments, for the sale of the Crown lands and jewels, and for the immediate engagement of eleven American engineers to survey the railways. He even withdrew his former opposition to the proposal for a prohibitive tax on luxury articles. By these methods a certain degree of confidence was restored, and the Deputies began to feel that an American mission of some sort was, after all, necessary if only to prevent the Shah from seizing the whole State revenues for the needs of the army and himself. A further bond of union was forged when it became known that Dr. Millspaugh was as hostile to the Teymourache agreements as were the Deputies themselves. It was generally felt, however, that if Dr. Millspaugh's contract was to be renewed he must be shorn of the wide and almost dictatorial powers which he at present enjoys and exercises. If, as seemed possible, he himself refused to return with lessened powers, then some other, and possibly more intelligent, American could be found to take his place. Colonel MacCormack, whose loyalty to his chief is somewhat questionable, and who possesses none of Dr. Millspaugh's high sense of truth and duty, has been mentioned as a possible candidate. It is sincerely to be hoped that no such disastrous choice will be made.

35. The personnel of the American mission has been increased by the arrival of Mr. Haskell, a forestry expert, of Mr. Morris, a road engineer, and of Mr. Poland, an expert on railway construction. The latter is engaging the services of ten American subordinates, and the work of surveying is at once to be put in hand. Some criticism has been aroused by the high salaries demanded by these experts.

36. The relations between the American mission and His Majesty's Legation have been uniformly friendly. A slight misunderstanding regarding the attitude of His Majesty's Government towards the introduction of American capital into

Persia was satisfactorily elucidated during the summer. A more serious controversy arose at the end of the year in connection with the Bill for the prohibition of luxury imports. Dr. Millspaugh was quite unable to put up any defence to meet the protests made to him on that occasion by Mr. Clive. Such self-justification as he attempted was specious and embarrassed. Dr. Millspaugh has, none the less, on several occasions expressed his appreciation of the helpfulness of His Majesty's Legation and of the attitude towards him of the Imperial Bank of Persia and the Anglo-Persian Oil Company. His suspicion and dislike of Russian policy, while proving somewhat embarrassing to the Persian Government, have at least led him to draw favourable comparisons. These feelings of comparative confidence and esteem are none the less somewhat platonic, and it is scarcely to be supposed that Dr. Millspaugh would give very great consideration to British rights or interests in cases where his own popularity or the receipts of the Treasury might be involved.

Persia's Debt to His Majesty's Government.

37. It will be remembered that the Legation was unable during the course of 1925 to obtain from the Persian Government a reply to the offer made to them in Sir Percy Loraine's note of the 11th April of that year. On the 29th December, 1925, a further note was addressed to them, in which an early reply was demanded. This reply was received on the 16th March, 1926—that is more than eleven months after the offer had been made. It began by expressing gratitude for the reduction of the total debt of £4,549,200 to a round figure of £2 million; it continued by stating that "the Persian Government have never wished to repudiate their liabilities which the competent authorities have pronounced to be valid"; a reference was made to the heavy burden which an annuity of £180,000 would throw on the limited resources of Persia, and the assurance was given "that the Persian Government concur with your proposals and the matter will be submitted for acceptance to the National Assembly as soon as possible." As a corollary, certain conditions, or *raux*, were attached, namely: (1) That His Majesty's Government would agree to facilitate a bankers' loan in the European market; (2) and consent to such a loan being secured on the surplus oil royalties and southern customs; (3) that they would also accept a revision of the customs tariff; and (4) that they would instruct British subjects in Persia to pay taxes provided that there was no discrimination. This note was signed by the Prime Minister, Mohammed Ali Khan Faruki, and had been approved by the Cabinet. Sir Percy Loraine's reply was sent in on the 5th June; after expressing gratification that the Government had admitted their liability, he stated that: (1) When once the proposed arrangement for the settlement of Persia's debt to His Majesty's Government had been accepted by the Majlis, His Majesty's Government would then take no steps to discourage the flotation of a loan by Persia on the London market; (2) that if and when the Majlis confirmed the arrangement under which the service of the British debt was to be a first charge on reliable sources of revenue, such as the southern customs or oil revenues, His Majesty's Government would agree to the surplus being pledged for other obligations; (3) that the revision of the tariff could not be discussed until a uniform tariff were enforced on all Persian frontiers; and that (4) His Majesty's Government were ready to discuss in a friendly and reasonable spirit the payment of taxes by British subjects. They would, however, insist that such taxes should not be of a capricious or discriminatory nature and that some assurance should be forthcoming that the proceeds of such taxes would be applied to the purposes for which they were ostensibly collected. No further correspondence has passed with the Persian Government on the subject, nor have they as yet made any attempt to bring the matter before the Majlis. To such oral reminders as they have from time to time received they have invariably replied that in its present mood the Majlis would reject the settlement. That there is much truth in this contention was shown by an incident which arose during the autumn, when several members accused Faruki of having committed an act of treachery in writing a letter to His Majesty's Legation recognising the British debt; the cries which greeted this statement were indicative of the prevailing temper: "Faruki should be hanged," they shouted, and a remark that the Majlis would know how to deal with such a letter was greeted with general applause. Mustafi-ul-Mamalek made no attempt to defend the action of his predecessor, stating merely that he knew nothing about the letter of which they were talking, and Faruki, for his part, was abroad. It cannot be said therefore that the settlement of this debt question has advanced beyond the initial stage.

General Financial Position of the Persian Government.

38. Persia during the last two or three years has enjoyed a period of financial prosperity such as she has never known before. Her exports, visible and invisible (*i.e.*, carpets, opium, Russian purchases, the royalties and expenditure of the Anglo-Persian Oil Company), have, in spite of all contentions to the contrary, greatly exceeded her imports. Increased wealth to the amount of from 8 to 10 million tomans has thus been brought into the country. That this figure is not exaggerated, and that the trade balance is in fact favourable, can be gauged from the fact that bar silver or krans minted abroad since 1924 have been, or are about to be, imported in the following quantities:—

	£
Imported in 1924, 1925 and 1926	600,000
To be imported in 1927 by the Imperial Bank of Persia	750,000
	<u>1,350,000</u>
Unknown amount imported by Russian Bank 1925-26, believed to be	250,000
	<u>1,600,000</u>

In addition to the above figures, the Russian Bank has the option to import 3 million tomans, although this will, of course, only represent wealth to Persia if and when it is expended in the purchase of Persian goods. From all this prosperity little or no benefit has been derived by the Persians themselves, and it is to be feared that the failure of the American mission to exploit the exceptional opportunity offered reflects small credit on their intelligence or their methods. Heavy taxation and super-taxation have been the cause of this stagnation. The money, moreover, collected from the several surtaxes has been held in trust instead of being put back into circulation for the much-needed development of the country. The future is by no means encouraging and signs are not wanting that the prosperity which the country has been enjoying for some years is now on the decline. This is largely due to the Russian embargo and to the adverse trade balance thereby created on the northern frontier. There is also a distinct falling off in the carpet trade, due to the ignorance and dishonesty of the Persian manufacturer and the competition of Chinese carpets on the American market. It is feared also that when once the Greek carpet industry is thoroughly launched it will prove a further and an unexpected competition. Moreover, should the League of Nations succeed in restricting opium exports from Persia, there can be little doubt that the trade and finances of this country will again enter upon a period of very great difficulty.

Revenue and Expenditure

39. Throughout the year under review the Treasury has been in a flourishing condition and has had ample funds at its disposal. Apart from the Alimentation Department deficit, no debt of any description has been incurred, and even temporary advances have not been required. The Alimentation debt, caused by Colonel MacCormack's injudicious handling of the famine crisis of 1925, amounted on the 31st December to an acknowledged total of 1,835,000 tomans. It is believed, however, that there exists a further debt of some 2 million tomans, representing Treasury advances to the Alimentation Department out of current funds. Internal revenue figures will not be available for several months, but the opinion is generally expressed that the additional expenditure incurred since the advent of the American advisers has by no means been covered by the increased receipts. The total amount on the 31st December of the Sugar and Tea Monopoly Trust Fund was 7,298,529 tomans. The road tax showed on the 31st December a credit balance of 1,034,000 tomans. The total receipts on account of this tax since its inception have amounted to 2,600,000 tomans, and withdrawals for expenditure to 1,606,000 tomans. The royalties paid by the Anglo-Persian Oil Company reached the huge total of 5,759,160 tomans (£1,151,832), and the customs receipts accounted for 8,515,420 tomans. A more detailed statement of the latter is as follows:—

	1925 (Revised figures.) Tomans.	1926 (Unrevised figures.) Tomans.
Ahwaz	308,147	620,361
Barferush	82,881	164,311
Bundar Abbas	685,655	520,006
Bushire	1,718,404	1,712,077
Duzdap	678,991	477,514
Hamadan	...	9,850
Kermanshah	2,278,342	1,653,243
Meshed	369,970	362,184
Mohammerah	1,390,918	1,148,889
Pahlavi	...	355,991
Resht	938,918	735,094
Tabriz	731,108	755,900
	<u>9,183,334</u>	<u>8,515,420</u>

40. No reliable figures are as yet available regarding expenditure, although the amount paid to the army and gendarmerie for the twelve months ended the 31st December is known to have been 100,126,000 krans. It is expected that this figure, as well as the budgeted expenditure on public works, will be largely exceeded before the end of the financial year. The estimated revenue for the fiscal year 1305 (the 21st March, 1926-20th March, 1927) was as follows:—

	Collected in 1303.	Collected in 1304.	Estimates for 1305.
	Krans.	Krans.	Krans.
Internal taxes and customs	193,194,716	207,581,277	187,094,000
Concessions (oil, bank, oxide, telephone)	17,654,055	42,130,971	39,080,000
Miscellaneous	1,174,388	1,854,753	4,560,000
Ministries (posts and telegraphs, public works, school fees, stamps)	25,475,889	29,104,881	25,393,000
Totals	<u>237,499,048</u>	<u>280,674,882</u>	<u>256,127,000</u>

41. The estimated expenditure for the same period was as follows:—

	Krans.
Court, Royal Cabinet and Crown Prince	4,800,000
Majlis	4,292,660
Cabinet of the Council of Ministers	594,750
Ministry of War—	
General	94,000,000
Students in Paris	673,000
Amnieh	5,580,000
Ministry of Finance—	
General	31,120,000
Exploitation	8,750,000
Exploitation, Mint Mach.	1,250,000
Ministry of Interior and Police	17,201,576
Ministry of Posts and Telegraphs	17,780,000
Rehabilitation of telegraph lines	504,000
Ministry of Justice	6,800,000
Ministry of Public Works—	
General	2,466,580
Pasteur Institution	214,680
Roads	...
Animal plague	500,000
Azerbaijan railroad	2,130,000
Ministry for Foreign Affairs	8,258,072
Ministry of Public Instruction	8,729,915
National Museum	300,000
Transfer from pensions	738,350
Ministry of Interior—Sanitation Department	1,860,970

Disponibles ...	Krans.
Public Debts—	2,400,000
General	
Roads, 1304 (1925-26)	14,429,520
Alimentation	
Unforeseen expenses—General	8,000,000
Yearly and monthly pensions	1,800,000
American Financial Mission	7,261,650
Constituent Assembly, 1304 (1925-26)	1,705,000
Philadelphia Exposition	
Coronation	750,000
	800,000
	255,690,723

Public Debt.

42. The situation of the loans and advances due by the Persian Government, as on the 22nd June, 1926, was as follows. No subsequent figures have as yet been published:—

Account.	Date.	Original Amount.	Rate of Interest.	Instalments.	Situation as on 21.3.26.	Capital paid, 21.3.26—22.6.26	Interest paid during 21.3.26—22.6.26.	Capital Amount still due 22.6.26.	Security.
1. Funded Debt.									
Imperial Bank of Persia Loan (Shil)	1910	£ 314,281 16 4	7	£ 29,606 2 0	£ 56,300 8 0	£ 6,740 15 11	£ 660 14 7	£ 49,559 12 1	Southern Customs.*†
Imperial Bank of Persia Loan	1911	1,250,000 0 0	5	68,750 0 0	1,168,842 16 10	2,545 3 0	14,642 7 0	1,166,297 13 10	"
British Government Advance	1912	140,000 0 0	7	..	140,000 0 0	..	2,450 0 0	140,000 0 0	"
"	1913	200,000 0 0	7	..	200,000 0 0	..	3,500 0 0	200,000 0 0	"
British Government Advance—Fars	1913	100,000 0 0	7	..	100,000 0 0	..	1,750 0 0	10,000 0 0	"
Kerman ..	1914	50,000 0 0	7	..	50,000 0 0	..	875 0 0	50,000 0 0	"
2. Floating Debt.									
Imperial Bank of Persia Advance	1925	Krans. 15,000,000	9	Krans. 1,000,000	Krans. 3,000,000	Krans. 3,000,000	Krans. 835,337.65	Krans. ..	
Imperial Bank of Persia Ali-Claims	1926	376,606.95	7	..	376,606.95	..	..	376,606.95	
Imperial Bank of Persia Ali-mentation Service ..	1925	10,000,000	9	1,500,000	5,000,000	..	..	5,000,000	
Imperial Bank of Persia Ali-mentation Service ..	1925	12,500,000	7	..	12,500,000	..	..	12,500,000	
Imperial Bank of Persia Ali-mentation Service ..	1926	5,000,000	7	..	5,000,000	..	..	5,000,000	
Municipality Loan ..	1926	1,748,228.80	7	..	1,748,228.80	..	..	1,748,228.80	
Total sterling	..	..	..	..	1,715,143 4 10	9,285 18 11	23,878 1 7	1,705,857 5 11	
Total krans..	..	..	..	..	27,624,833.75	3,000,000	835,337.65	24,624,835.75	

REMARKS.

* Expires March 8, 1928.

† Expires 1965.

NOTE.—The above has been extracted from Dr. Millsaugh's Fifteenth Quarterly Report.

Exchange.

43. The average exchange rates during the year were as follows (normal rate 55 kran to the £) :—

Average rates (selling) for 1926 :—

January	...	...	...	43.96
February	...	...	...	44.73
March	...	...	...	45.53
April	...	...	...	45.90
May	...	...	...	46.47
June	...	...	...	46.55
July	...	...	...	46.15
August	...	...	...	47.20
September	...	...	...	47.37
October	...	...	...	49.20
November	...	...	...	52.78
December	...	...	...	52.30
Average rate for whole year	...	...	...	47.34

The highest point reached was 54 kran to the £ on the 2nd November and the lowest 43.50 kran on the 14th January. The rise between the lowest and the highest points was as much as 25 per cent. The high rate of 54 touched on the 2nd November was only maintained until the 13th, after which it fell; fluctuations ensued for several weeks, the kran steadying itself by the end of the year around 51½. The cause of this rise was due to the fall in price of bar silver. Although the trade of the country, in view of the fact that the supply of exchange has for some years continually exceeded the demand, did not require a higher rate of exchange, yet it was impossible for the Imperial Bank of Persia to ignore conditions ruling in the world's silver market or to avoid raising the rate in sympathy with such conditions. Taking bar silver at the rate of 25½d. per ounce standard, the out-turn per £ is 58.18 kran in silver delivered in Tehran, exclusive of the 5 per cent. customs duty. If allowance is made for this duty, the kran amount per £ *vis-à-vis* silver point is reduced to 55.78 kran. Were it not for the poor output of the Mint, which, as stated below, amounts to some 60,000 tomans weekly, the rate of exchange would probably be in the region of 54.

Currency.

44. The total output of the Mint from the 1st January to the 31st December, 1926, was 2,977,500 tomans, the bulk of this being defective coin reminted and bar silver. The defective coin on hand to be reminted amounted on the 31st December to 2,187,000 tomans. The collection of the defective coin with which the Imperial Bank of Persia have been charged, by agreement with the Government, has proved a very laborious and invidious task. The terms of withdrawal were as follows :—

- (a.) Light-weight coin under 95 per cent. of standard weight of 1 kran per miscal, but not mutilated nor sweated, at par.
- (b.) Mutilated coin weighing not less than 95 per cent. of 1 miscal per kran at 10 per cent. discount.
- (c.) Mutilated or sweated coin weighing less than 95 per cent. standard at 875 kran per 1,000 miscals.

During the year the Imperial Bank of Persia and the Russian Bank were each granted an option to import free of customs duty £750,000 and 3 million tomans respectively in bar silver or kran minted in Birmingham and Leningrad. In the case of kran minted abroad a charge of 6 per cent. was levied by the Persian Government to cover Mint profits. New matrices and dies have been made in Belgium, but as they proved unsatisfactory they are now being manufactured in Leningrad, and a supply will be sent to Birmingham. The Russians are minting the whole of their 3 million tomans in Leningrad. Of the £750,000 with which the Imperial Bank of Persia are charged, £500,000 are being minted in Birmingham and £250,000 is being imported in bar silver to be coined in Tehran. The Mint leaves much to be desired—it can only turn out some 60,000 tomans per week, but if night shifts were instituted, the amount could be increased to 90,000 tomans. Up-to-date machinery and enlargement are badly needed.

Prohibition of use of Foreign Currency and of Export of Silver and Gold.

45. In October the Majlis passed an Act prohibiting, as from the date of its passing, the export of gold and silver from Persia. Subsequently, by a decree of the Council of Ministers, the circulation of all foreign currency in Persia was forbidden as from the 17th November. Hitherto the rupee had circulated freely in the south of the country. It was obvious, however, that this was a perfectly legitimate and reasonable measure on the part of the Persian Government and that no objection could be raised to it by His Majesty's Government or the Government of India. The combined effect, however, of these two measures had apparently been overlooked, for no provision had been made to create an exception to the prohibition on the export of gold and silver in favour of the large quantities of silver rupees held by the Imperial Bank of Persia, other institutions and the public generally in South Persia, which, the circulation of the rupee being forbidden, would be left on their hands. On the representations of His Majesty's Legation and the chief manager of the Imperial Bank of Persia, however, a Bill was submitted to and passed through the Majlis on the 16th November allowing the export of foreign silver currencies for a period of sixty days from that date.

Bank-i-Iran.

46. The hope of ever realising the assets of this bank is extremely remote and only very small creditors are being paid as funds become available. The assets and liabilities of this bank as on the 22nd June, 1926, were stated to be as follows :—

		Krans.	Roubles.
Assets	...	48,842,072	1,778,459
Liabilities	...	9,135,912	3,043,299

*Internal Politics.**Reza Shah.*

47. The following dates should be borne in mind :—

- October 31, 1925: Kajar dynasty deposed by vote of Fifth Majlis, who appoint Reza Khan as "Head of the State."
- November 3, 1925: Deposition of Kajars and ensuing régime recognised by His Majesty's Government.
- December 12, 1925: Reza Khan proclaimed Shah by the Constituent Assembly.
- December 15, 1925: Reza Shah takes oath to Constitution.
On the same day he is recognised as Shah by His Majesty's Government.
- December 16, 1925: Shah's accession proclaimed.
- April 25, 1926: Coronation.

48. The Shah has thus had over twelve months in which to justify the abolition of the Kajar dynasty and his own assumption of the Crown. It cannot be said that the high hopes formed at the time of his accession have as yet been fulfilled. It was confidently expected that he would control the army, establish a strong civil Government, maintain order in the country and co-operate with the Majlis and the American mission in introducing the several reforms, financial and economic, of which the country stands in such urgent need. It was hoped also that in foreign politics he would, while avoiding any acute tension with Russia, show at least some semblance of gratitude to His Majesty's Government for their forbearance during the dynastic crisis and for the alacrity with which they had recognised him once that crisis was solved. It must be admitted that these expectations have been disappointed. The Shah since his accession has thought only of maintaining his position. It cannot honestly be said that the interests of the country have weighed upon his mind. While hesitating to govern himself, he has permitted no one else to do so. Instead of proving a stimulant, he has acted as a numbing influence, paralysing such national energy as might otherwise have been brought into play. He has not controlled the army; he has selected and kept in office two successive Prime Ministers who, even in Persia, are notorious for fecklessness and incompetence; internal security has not been maintained; he has quarrelled with the Majlis; he has quarrelled with the American mission; his main energies have been devoted to discrediting all possible rivals, and to amassing by questionable methods enormous private estates. This

apparent degeneration has bewildered his most fervent admirers, who are inclined to attribute it to the effects of opium. His insane suspicion, his sudden outbursts of rage, and his inability to see things in their correct proportions may, indeed, be attributable to his indulgence in narcotics. But his persistent inaction, his apparent indifference to his own reputation and popularity, his somewhat shameless cupidity, must be due to less adventitious causes, and constitute a psychological problem of great interest which only his subsequent development can solve. Meanwhile he is feared as much as ever, and such plots as have been contrived against him have not been very serious. In the early summer Abdullah Khan Tehmaspi was arrested on what appears to have been fabricated evidence of conspiring against the throne; after a few months this excellent officer was restored to favour. A scarcely more serious conspiracy was unearthed in the autumn, in which were implicated the colonel of the Pahlavi Regiment of Infantry and the Jew Haim, representative of the Zionist Committee. Here, again, the evidence disclosed nothing formidable. It may be said, indeed, that so long as the Tehran regiments remain loyal, and so long as none of the younger generals try to imitate the Shah's example, there is little danger of any organised movement against the throne. The danger—and he is well aware of it—is that of assassination. Were Reza Shah himself to be removed, there seems little hope that the infant and tubercular Valiahd would inspire even a moment's loyalty. It is for this reason that his apparent indifference to his own popularity is so disquieting. It is true, indeed, that towards the end of the year he showed some signs of having realised the necessity of conciliating public opinion; he received a number of Deputies; he visited schools and hospitals; he even surrendered a legacy which he had obtained in circumstances which even the Persians considered discreditable. But he does not seem as yet to have understood that his prestige is based on the legend that he possesses a solidity of character and a power of continuous activity which place him naturally above the shambling ineptitudes, the slipshod lies and bartering, of Persian politicians. If he repudiates his own legend, he may still, for a year or two, retain his throne, but he will retain it only by force, and his national and international reputation will decline proportionately.

49. The distressing instability of the Shah's character was particularly manifested in his relations towards His Majesty's Government. Not merely did he evade all the promises, explicit or implied, which he had made to His Majesty's Legation at the time when he was anxious for their support, but so soon as His Majesty's Government had recognised the change of régime, he went out of his way to demonstrate and to make public his independence of British tutelage and his disregard of British friendship. He missed no occasion to abuse Great Britain at public audiences, employing for the purpose the barrack-room obscenities in which it is his custom to indulge. Such Anglophiles as Mushar-ul-Mulk were dismissed from office; such Russophiles as Faruki, and later Mushaver-ul-Mamalek, were appointed in their place. The Soviet Legation was raised to an Embassy; a treaty was hurriedly and secretly signed with Turkey at a moment when the Mosul negotiations were at a critical stage; and the Shah's support was at least ostensibly given to Russia in such matters as the Caspian fisheries, the oil at Semnan and Damghan and the alignment of the future railway. So early as the 31st January, Sir Austen Chamberlain expressed his "anxiety regarding the disconcerting attitude of the Shah," and requested Sir P. Loraine to "explain the grounds which led him to believe that the Shah was not deliberately inaugurating a pro-Russian policy." The Secretary of State concluded his telegram by stating that the non-settlement of outstanding questions with Great Britain and the apparent conciliation of Russia were "rapidly leading him to conclude that the present situation calls for stronger action than a mere note of warning." Sir P. Loraine was able at the time to reassure the Foreign Office by pointing out that the Shah was merely playing with the Russians, and that his real sympathies were on the side of Great Britain. This diagnosis of the situation was on the 2nd February fully confirmed to Sir P. Loraine by the Shah himself. And, moreover, the Majlis shortly afterwards rejected the proposed agreement on the Caspian fisheries. By June, however, the Shah's unwillingness to restrain the exactions of the military, or to make the slightest effort to settle British outstanding questions, again caused a certain uneasiness, and Sir P. Loraine felt obliged to warn his Government that "the ugly weed of military tyranny previously held within reasonable limits by Reza Khan's administrative capacity has overrun the country under the reign of Reza Shah." The latter's grip, he feared, had become relaxed; his former forceful continuity seemed to have deserted him. The only explanation, the remaining hope, was that the Shah was

endeavouring to govern constitutionally; he was passing through an awkward transitional phase; the real test of his régime would come only when the Sixth Majlis assembled. At Sir P. Loraine's farewell audience on the 27th June, His Majesty for once expressed himself in clear, if somewhat cynical, terms regarding his own foreign policy. He was obliged, he said, at any cost to free himself from the Russian menace; he ardently desired British friendship and British support; but Persian friendship for Great Britain must be allowed to gather its own momentum until it became an axiom of Persian foreign policy; he could take no steps deliberately to direct his policy into a pro-British channel, since such action would, by raising Russian opposition in a dangerous form, defeat the objects which both he and we had in mind. Sir P. Loraine was able, on his return to London, to explain to the Secretary of State that the Shah's statements were really more satisfactory and more reliable than they appeared. His Majesty's Chargé d'Affaires was therefore instructed to inform the Shah that the Secretary of State had been "impressed and gratified" at the evidence these assurances had shown of the growth of confidence and mutual understanding, and to add a counter-expression of sympathy and goodwill. By then, however, a rapid succession of internal risings (the mutiny in Azerbaijan, the military rising in Khorasan, the menacing attitude adopted by Dost Mohammed Khan in the Sarhad, and predominantly the incursion of Salar-ed-Dowleh from Iraq) had confirmed the Shah in his desire to appease the Soviet. Teymourache was despatched on a secret mission to Moscow and to Angora, and relations between His Majesty's Legation and the Shah, who was convinced that His Majesty's Government were supporting Salar-ed-Dowleh and the Kurdish rebels, became for the moment somewhat cold. With the arrest of Salar-ed-Dowleh and the arrival of Mr. Clive, the Shah reaffirmed in plausible terms his basic sympathy for Great Britain. No steps, however, were taken by him to give any practical effect to these reiterated assurances; not only did His Majesty do nothing in the direction of recognising Iraq or settling the sheikh's affairs, but his attitude in such matters as the Sowar escorts, the Imperial Airways, the Gangir water and the Northern Oil was unfriendly if not actually provocative. The year closed without His Majesty's Legation feeling in any way satisfied that the confidence which had so rightly been given to Reza Khan when he was Prime Minister could with equal security be given him since his accession to the throne.

50. The above represents an objective account of the character and policy of Reza Shah during the year 1926. It must, of course, be strictly qualified by considerations which do not properly fall within the scope of an annual report. Thus, to a certain extent the Shah was bound to conciliate Russia, and was obliged to dissociate himself from us. The necessities of his position forced him also to treat his provincial satraps with a certain lenience, nor was it entirely his fault that the Sixth Majlis and the American mission both proved so unmanageable. An apologist might contend also that he was justified in thoroughly discrediting all the older politicians as the first step in the inauguration of a younger and more active régime. Yet when all these excuses have been made, the fact remains that the year 1926 offered the Shah an exceptional opportunity for establishing the throne upon a national and not upon a purely dynastic basis, and that he has missed this opportunity.

Cabinet.

51. The Cabinet of Mohammed Ali Khan Faruki (Zoka-ul-Mulk) which had been constituted on the 20th December, 1925, was dismissed in June, and its place taken by a Government formed by Hassan Khan Mustaufi (Mustaufi-ul-Mamalek). The main portfolios in this Cabinet were distributed as follows:—

Prime Minister and Minister of the Interior: Hassan Khan Mustaufi.
Finance: Hassan Khan Vossough (Vossuk-ed-Dowleh).
War: Mohammed Ali Khan Faruki (late Prime Minister).
Public Works: Mehdi Kuli Khan Hedayat (Mukhtar-es-Saltaneh).
Public Instruction: Ahmed Khan Bader (Nassir-ed-Dowleh).
Posts and Telegraphs: Ahmed Khan Atabegi (Mushir Aazam).

The Ministry for Foreign Affairs was offered to Taghi Zadeh, who was at that moment on his way to the Philadelphia Exhibition. He refused to accept it, and the Ministry remained under the direction of Davood Khan Meftah until the 26th July, when the portfolio for Foreign Affairs was accepted by Ali Kuli Khan Ansari (Mushaver-ul-Mamalek), Persian Ambassador at Moscow. The Sixth Majlis, which was opened on the 11th July and adjourned till the 12th August, showed

strong opposition to the Mustaufi Cabinet, whom they regarded as creatures of Modarres and the Shah. A prolonged Cabinet crisis followed, and after six weeks Mustaufi was reinstated. Vossuk, however, left the Ministry of Finance for that of Justice, his place as Minister of Finance being taken by Haji Hassan Khan Esfandiari (Mohtashem-es-Sultaneh). Finally, in November Vossuk left the Cabinet altogether and entered the Majlis as a private member. Mustaufi and the other members of his Ministry, in spite of two acute crises which arose in October and again in December, retained their palsied hold upon office until the end of the year. Neither the Faruki nor the Mustaufi Cabinets which ruled Persia during 1926 have done any constructive work whatsoever. Such Bills as have been proposed were due to the American mission working through the Ministry of Finance.

Majlis.

52. The elections to the Sixth Majlis were engineered by the Shah, working through the provincial army commanders, and by Modarres working through the clergy. The Assembly was opened on the 11th July but did not meet in practice till the 12th August. It at once became evident that the Deputies, having secured their election, were determined to turn against Modarres, and by implication against the Shah. The mandates of those Deputies who were particularly identified with Modarres were declared to have been obtained by force or corruption, and throughout the whole session the Majlis lost no occasion to manifest their hostility to the Mustaufi Cabinet, which was only kept in office by the pressure of the Shah. The internecine struggle which was thereby occasioned paralysed the whole machinery of government, and created a general atmosphere of confusion and dismay. Meanwhile, Modarres, who realised that his prestige as a demagogue was suffering from his alliance with the Shah, took occasion to make a daring speech, in which he stated that he would only support His Majesty so long as he acted constitutionally. Three weeks later a determined attempt was made upon the life of Modarres in circumstances which implicated the secret police. The Majlis appear to have been momentarily cowed by this attempted murder, and Modarres himself, on his return from hospital, adopted a less arrogant tone. Towards the end of the year, however, the attacks upon the Mustaufi Cabinet were redoubled, and the debates in the Assembly became as hectic, as egoistic, and as futile as ever.

53. The Sixth Majlis has proved itself during the year to be a very unintelligent, ignorant and obstructive body; such party organisation as exists has been of a kaleidoscopic nature, and the groups coalesce and then again dissolve for purely personal and incidental causes. The majority of the Deputies are rabidly Nationalist, and anti-British feeling is very vocal and may be intense. They are not pro-Russian, but it is always possible that they may from fear or cupidity adopt a Russian point of view. The Assembly as a whole has no conception of the difference which should exist between the Legislature and the Executive, and every Deputy claims the right to interfere in the most trivial of executive matters, and to annul whatever undertakings the Government or the Departments may have contracted. Not only are they jealous and suspicious of the Government and the Departments, they are equally jealous and suspicious of each other. Blackmail and corruption are universal, and the Deputies are apt to attack the rights of foreign companies in the sole hope that they may thereby receive a bribe for silence. It is to be feared that unless the Shah is able to impose some discipline upon the Majlis the machinery of government will be completely obstructed. Meanwhile, the following Bills had been passed by the end of the year:—

February 8: Compounded Road Tax Bill.

February: Railway Bill.

October 2: Appointment of Committee to consider Wahabi atrocities.

October 17: Embargo on export of gold and silver.

November 2: Establishment of national pawning institution.

November 7: Engagement of a German mining expert and an American oil expert.

November 16: Engagement of eleven American engineers for railway construction.

December 7: Withdrawal of export tax on sheep guts.

December 12: Abolition of tax on guilds.

All but the first of these were initiated and pressed through the Cabinet by the American Financial Mission. The Cabinet has initiated no independent legislation whatsoever.

Persian Officials.

(1.) Internal.

54. Mirza Hassan Khan Rais, formerly Zahir-ul-Mulk, was transferred in October from the Governorate of Astarabad to that of Gilan with headquarters at Resht. Amir Khan Khajeh Nuri (Nizam-ed-Dowleh), the late Governor, had found the intrigues made against him with covert Bolshevik help too much to withstand unless the Central Government in Tehran was ready to give him full support. This support was not forthcoming, and he felt, therefore, obliged to request leave to resign his post.

55. Nizam-ed-Din Khan Hikmet (Mushar-ed-Dowleh) was appointed Governor-General of Kerman in February 1926, but was recalled in May and replaced by Mirza Taghi Khan Khajavi (Mushir Muazzam), who up to that time had been Governor of Luristan. In October 1926 Jaafer Khan Khajeh Nuri (Muwaffak-ed-Dowleh) was transferred to the Governorship of Luristan from Bushire, where he was replaced by Mirza Ahmed Khan Nik Pai (Mufakham-ul-Mulk).

56. Hassan Ali Khan Hedayet (Nasr-ul-Mulk) was recalled from Isfahan in May and replaced by Mirza Suleiman Khan, transferred from Kurdistan, where he was replaced by Mirza Nasrullah Khan Khalatburi (Itala-ul-Mulk), ex-Persian Minister in Afghanistan.

57. Gholam Reza Khan Hedayet (Mukhber-ed-Dowleh) was recalled from Kazvin in September and was replaced first by Amir Arfa and then by Abdul Mohammad Sepehr (Lissan-ul-Mulk), who had been Governor in Hamadan since the early spring. Hamadan Governorship was given to a Kajar Prince Abul Fath Mirza Dowlatshahi, whose brother is related by marriage to Reza Shah Pahlavi.

58. Mehdi Khan Dadver (Vossuk-es-Sultaneh) was appointed Governor-General of Khorasan, with headquarters at Meshed, in February, and in the same month Ali Mohammed Khan Beni Arlam (Sherif-ed-Dowleh) was appointed Governor-General of Azerbaijan, and Mirza Mohammed Khan Muntazim (Muntazim-ed-Dowleh) was appointed Governor of Kermanshah.

59. During the spring of 1926, the Military Governorship of Tehran was abolished and a Civil Governor, Abdul Hussein Samiyi (Adib-es-Sultaneh) was appointed.

60. A further re-shuffling of smaller Governorships was likewise made during the year under review, but they are not of sufficient importance to mention in this report.

(2.) Persian Diplomatic Appointments Abroad.

61. During 1926 several changes were made amongst the Persian representatives abroad:—

Mirza Daoud Khan Meftah (Meftah-es-Sultaneh) was appointed to Washington.

Mirza Abdul Ali Khan Sadri (Sadik-es-Sultaneh) was appointed to London.

Mirza Ali Akber Khan Bahman was appointed to Brussels.

Assad Khan Braghom was appointed to Paris.

Seyid Mehdi Khan Farrukh (Motessem-es-Sultaneh) was appointed to Kabul.

Prince Mirza Reza Arfa was made honorary diplomatic representative in Scandinavia in addition to his duties as Persian representative at the League of Nations.

Ali Kuli Khan Ansari (Mushaver-ul-Mamalek) was recalled from Moscow in July and the Embassy was left in the hands of a Chargé d'Affaires.

(3.) Persian Foreign Office Appointments.

62. In January Mirza Bagher Khan Azimi (Nazm-ul-Mulk) was appointed Secretary-General of the Ministry for Foreign Affairs. He has had a long career in the Foreign Office, but had left it on being elected a Deputy to the Fifth Majlis.

63. In July Mirza Fathullah Pakrevan (Amir Arfa), ex-Persian Minister in Cairo, who, since his recall from there had been in charge of the section in the Foreign Office which deals with Russian and Turkish affairs, was appointed Under-Secretary of the Ministry for Foreign Affairs, keeping at the same time his former appointment. At the end of April, Mirza Hussain Ali Khan Ghaffari (Moaven-ed-Dowleh), who had for some years been Director of the Protocol Department of the Ministry for Foreign Affairs, was appointed Grand Master of Ceremonies of the Court of Reza Shah, and the direction of the Protocol Department passed to Anoshirvan Khan Sipahbad.

64. The third section of the Ministry, which deals with matters concerning non-limitrophe countries and the League of Nations, and which Anoshirvan Khan had directed for some years, passed under the direction of Sultan Mohammed Khan Ra'ad (Motemid-ul-Mamalek).

The Press.

65. The Persian press is of so little importance that it need scarcely figure in this report. The editors are ignorant and venal, and their articles are generally written for the purpose of extracting blackmail. Their attitude towards this Legation and British policy is unvaryingly hostile, although the existence of a strict censorship has prevented any attacks of a nature to which serious exception could be taken. The sole instance calling for representation was a scurrilous article in the "Nahid" abusing Iraq. Otherwise the Persian press is one long whine punctuated by misstatements. The "Iran" newspaper is the least disreputable and has pretensions of being a serious organ; the "Chafagh-i-Sorkh" ("Red Flag") is of interest as being the immediate organ of Reza Shah; the "Toofan" ("Storm") receives from the Soviet Embassy a subsidy larger than those they pay to the other papers.

Tribes and Security.

66. The four main outbreaks in Azerbaijan, Khorasan, Baluchistan and Kurdistan will be treated subsequently. The operations in Luristan are dealt with in the military section of this report. With the southern tribes the Government have during the year had no very serious trouble. Rumours reached the capital during the summer of an impending rising in Khuzistan and the Kashgais were stated to be discontented with the exactions of the Military Governor. The Bakhtiari, ostensibly at least, are now completely disarmed and the several branches of these traditional friends of England are said to be disintegrating. Security on the southern roads was not, however, as good as in 1925, and robberies occurred upon the Bushire and Lynch roads and even on the road to Isfahan. Innumerable cases of exactions and bullying by the Persian gendarmerie were also brought to the notice of the Legation. A serious disturbance took place in April, when thirteen Bahais were massacred at Jahrum. Soulet-ed-Dowleh, who was suspected of instigating the outrage for electioneering purposes, was arrested, but subsequently released. It was intimated to him, however, that his action had again lost him the Legation's confidence, which, in 1925, and with the aid of Sheikh Khazal, he had been at such pains to recover.

Azerbaijan.

67. On the 23rd June the garrison at Salmas mutinied owing to lack of pay, killed their commanding officer, looted the bazaars and proceeded to march on Khoi. Troops were sent from Tabriz, the mutineers surrendered and were thereupon shot down by machine guns. The brutality of this execution caused a most unfortunate impression in the province.

Khorasan.

68. The almost simultaneous mutiny in Khorasan was more serious and arose from identic causes. It must be borne in mind that the army budget is paid regularly to the War Office by the American advisers. There is no reason whatever why the troops should not receive their pay beyond the fact that the higher officers each retain a little as it passes through their hands. A further complication is caused by the fact that the Shah considers his private account and the army account as being joint. It must be admitted that he frequently in times of crisis allows a harassed general to draw upon the civil list, but in times of calm the civil list is in turn apt to make very large drafts upon the army budget. Considerable chaos thereby results and the divisional generals profit by this chaos to enrich themselves. No general, however, had gone quite so far as General Jan Mohammed Khan, commanding the Eastern Division at Meshed. The exactions of this officer became so notorious that Sir Percy Loraine felt obliged to warn the Shah on two separate occasions that his confidence was being abused and that a serious situation would only be averted by the Shah himself taking executive command of the army. His Majesty stated that the proposal was one which it was quite likely he would adopt, but that it was very difficult for him to thrust himself into the limelight. A few days later the rising which had been anticipated took place; in the last days of

June the garrison of Maraveh Teppah rose under Lieutenant Salar Jang and marched on Bujnurd. A panic followed at Meshed and Jan Mohammed Khan, who knew he could not rely on his own troops, sent frantic appeals for assistance, enforced by stories of a descent of Turkoman tribes. Troops and aeroplanes were rushed up from Tehran and after a few weeks the situation was re-established and the mutineers driven across the Russian border. The Shah then proceeded in person to Meshed where he arrived on the 1st August. His first act was to arrest and degrade Jan Mohammed Khan and send him for trial to Tehran. The excellent impression which was thereby caused was somewhat diminished by His Majesty's failure to present the customary gifts to the Meshed Shrine, and was a few weeks later completely neutralised when the news reached Meshed that Jan Mohammed Khan had been able, with a large present, to purchase his acquittal and release. Whether or no the Shah really believed that the Russians had actually instigated this mutiny is immaterial; the important fact is that it convinced him how precarious was the condition of the army and that, had the Russians desired to exploit the situation and to send the Turkomans across the border, the whole of Eastern Persia would have been lost. The incident served, therefore, to demonstrate to him how essential it was to remain on good terms with Russia, and it was with this in mind that he sent Teymourache to Moscow.

The Sarhad.

69. The presence of the Shah in Eastern Persia and his reported intention of visiting Seistan induced the local authorities to withdraw all frontier garrisons in order to give His Majesty a fitting reception on arrival at Birjand. The Shah never came to Seistan, but the confusion caused by the report of his visit created what might well have been a serious incident. Among the garrisons thus withdrawn was that of Khwash, the evacuation of which post, coupled with exaggerated rumours of the rising in Khorasan, appears to have convinced Dost Mohammed of Bampur that the authority of the Central Government had collapsed, and that the moment had arrived for him to extend and fortify the semi-autonomous position which he had so long enjoyed. He therefore advanced on Khwash, and for some days it appeared that the railway between Duzdap and Mirjava and British lives and property in those two places would be exposed to grave danger. Two companies of British infantry were moved up to the frontier and preparations were made for the evacuation of British residents. On the 11th August His Majesty's Chargé d'Affaires received urgent instructions to warn the Persian Government that, in the event of any attack upon the railway becoming imminent, His Majesty's Government would not hesitate, in view of the hesitation displayed by the Persian Government, to take such steps as might be necessary to protect British lives and property. It was clearly implied that for this purpose British armed forces would cross the Persian frontier. These instructions were cancelled within twenty-four hours, but Mr. Nicolson had already made to the Minister for Foreign Affairs an oral communication in the sense of Sir Austen Chamberlain's original telegram. The ill-effects of this ill-timed communication were modified by the fact that the Minister for Foreign Affairs appears not fully to have understood it, whereas the possible resentment of the Shah, who was still at Meshed, was stilled by the tact of His Majesty's consul-general, Colonel Haworth. Meanwhile, the Persian Government had managed to convince Dost Mohammed that he had made a mistake; the former were able to excuse their hesitation by saying that Dost Mohammed, as Governor of Persian Baluchistan, had every right to make a tour of his province. The latter was able to explain his advance on Khwash by stating that he had wished, as a loyal subject of the Shah, to prevent that post falling into the hands of the British. They were both able, therefore, to pretend that His Majesty's Government and the Government of India had made a considerable fuss about nothing. There were indications, however, that the Shah and his Government fully realised that the situation had for several days been highly critical, and that the firm action of the Government of India and His Majesty's consul for Seistan and Kain had alone prevented what might have been a very serious disturbance. It is to be noted, for instance, that neither the Shah nor the Government have since referred to the matter except incidentally, and that no reproaches have been addressed to us for having threatened the despatch of British troops. What is more significant is that the Seistan Brigade has since been transferred to Duzdap, a circumstance which may have a permanently sedative effect in an area where Anglo-Persian relations are always likely to become inflamed.

Kurdistan.

70. Although, therefore, the crisis which arose on the Indian frontier did little serious damage to Anglo-Persian relations, it is to be feared that the Kurdish rebellion in the west and the Shah's conviction that the neutrality of the Iraq Government was far from benevolent, has left an unpleasant impression which it may take some time to dissipate. The story of the three Kurdish movements (that of Salar-ed-Dowleh and Jaafar Sultan in the south, of the Pizhdar tribes in the centre and of Simko in the north) is given in detail in the military section of this report (see paragraphs 176-179).

Their political effects merit separate treatment. It must be admitted that the suspicions of the Shah, which were fully shared by the Persian General Staff and by some of the politicians, were not in this matter so inexplicable as those which in other connections so grotesquely assailed him. In the first place, the Persians regard Iraq as part of the British Empire and refuse to realise the limited nature of the responsibility and expenditure we incur under the mandate. They scarcely believe that the somewhat fluid condition of certain of the border tribes is attributable to anything but the deliberate intention of His Majesty's Government to create frontier difficulties for Persia. The fact that Salar-ed-Dowleh traversed Iraq after escaping from Syria, that Jaafar Sultan is credited with being on close terms with the British authorities, that some of the Pizhdar Aghas have their homes in mandated territory, all contributed to their suspicions. Further mistrust was created by the lies and forgeries propagated by Salar and his supporters in the hope of convincing the Kurds that he had received explicit assurances of British support, nor were Russian and Turkish agents idle in fabricating evidence and spreading reports indicative of British intervention. Moreover, the regimental commanders at the front were inclined to excuse their ill-success by officially stating that the rebels were directed by foreign experts and armed with the most modern British equipment. It is not surprising that, in an atmosphere of such general suspicion, the error of judgment committed by a British officer in interviewing Salar-ed-Dowleh on Iraq territory should have been taken by the Persians as proof that their worst surmises had from the outset been correct. Their convictions on this point were, it is true, to some extent shaken when Salar was arrested by the Iraqi authorities at the end of October. The Shah at first suggested that the prisoner should be deported to India, but later stated that he would only feel confident if Salar-ed-Dowleh were kept under his own supervision at Tehran. Discussions ensued as to what guarantees of personal safety and maintenance the Persian Government could give Salar to induce him to come to Persia. These discussions had not been concluded by the end of the year. Almost simultaneously Simko escaped into Iraq territory north of Rowanduz. The Persian Government did not in his case suspect the Iraqi Government of complicity, but were, in fact, considerably annoyed with the Turks, whom they accused, with some justice, of having acted with lack of loyalty to the Turco-Persian Treaty. The Shah felt confident that he could deal with Simko by direct private negotiation, and it is understood that he has despatched a secret emissary to treat with him accordingly.

Gulf Ports.

71. *Bahrein*.—The Persian Government, while hesitating to raise the question of principle with His Majesty's Legation, continued to keep alive the fiction that Bahrein was Persian territory. The expedient adopted was to issue various forms of visas and travel permits in which Bahrein was by implication described as a Persian port. More serious were their attempts to cancel the British certificates of identity given to Bahreinis travelling to Persia and to levy fines on those not possessing Persian identity papers. The Foreign Office was anxious that the question of principle should in this case also be allowed to slumber, and suggested to the India Office that a solution might be to instruct Bahreinis only to produce their British certificates before British officials, and to use the Persian "Ilm-o-Khabar" for their dealings with the Persian authorities. No decision had been reached on the point by the end of the year.

72. *Henjam and Basidu*.—At the end of June His Majesty's Legation received an oral request from the Persian Foreign Office that they might be informed on what documents exactly His Majesty's Government based their rights at Henjam and Basidu. No reply was returned to this request, and it was not renewed. In October, however, the Belgian Director of Customs complained privately that the British agent at Basidu was refusing to pay Persian customs dues himself and

preventing native dhows from visiting the customs. The occasion of this enquiry was taken to examine, in consultation with the Government of India, whether something might not be done to regularise our position at Henjam and Basidu, which is based on prescriptive rather than on contractual rights. It was suggested even by the Government of India that His Majesty's Government might offer to surrender all their claims at Basidu in return for the grant of a perpetual lease at Henjam. The Legation were obliged, however, to point out that there was no chance whatsoever of the Persian Government formally recognising our claim to either Basidu or Henjam, and that in the circumstances it would be better to wait until the Persian Government again raised the matter officially. Meanwhile, the complaint received from the customs was treated merely as an incident, and was, by friendly arrangement with the Belgian director, not brought to the attention of the Persian Government.

Ex-Valiahd.

73. The ex-Valiahd, who had acted as Regent for his brother, and who had been sent across the frontier on the 31st October, 1925, reached London in the early spring and made private representations to the Foreign Office regarding the state of penury in which both he and his mother had been left by the dynastic revolution. The fact that we were co-signatories of the protocol of the 25th August, 1909, which made provision for the family of Mohammed Ali Shah, justified the Legation in making representations to the Persian Government on his behalf. Dr. Millsbaugh was approached in April, and Faruki in May, but they both sheltered themselves behind the Majlis. In July Mr. Nicolson made direct representations to the Shah, who expressed his sympathy and undertook to urge Mustaufi to do something to meet the Valiahd's difficulties. The latter stated that the ex-Regent was at liberty to dispose of the two properties he possessed in Persia, and that if his mother would consent to leave Bagdad and come to Tehran she would be honourably treated and given sufficient means for her subsistence; nothing in the way of a permanent pension could, however, be secured without the sanction of the Majlis; so soon as his own relations with the Majlis were a little less insecure he would prepare the ground and put a proposal before them. These assurances were of little value; the Valiahd's mother naturally hesitated to come to Tehran; the Valiahd himself was unable to find a purchaser for his properties; and the relations between the Majlis and Mustaufi continued to be strained throughout the year. The Valiahd therefore was obliged to accept the charity of his brother the ex-Shah.

Sheikh of Mohammerah.

74. On the 21st November, 1914, Sir Percy Cox, Resident in the Persian Gulf, gave the following written assurances to the Sheikh of Mohammerah:—

"I am now authorised to assure your Excellency . . . that whatever change may take place in the form of the Government of Persia . . . His Majesty's Government will be prepared to afford you the support necessary for obtaining a solution satisfactory both to yourself and to us in the event of any encroachment by the Persian Government on your jurisdiction and recognised rights or on your property in Persia. . . . These assurances . . . shall hold good so long as you . . . continue to be guided by the advice of His Majesty's Government, and to maintain an attitude satisfactory to that Government. *Vis-à-vis* the Persian Government we shall do our best to maintain your Excellency in your present state of local autonomy."

His Majesty's Legation have not as yet been able to give to these assurances any very effective execution. The Sheikh's jurisdiction has been abolished, his rights have been annulled, his property has been sequestered, his autonomy is a thing of the past; he has been arrested, transported to Tehran, and kept there under restraint for close on two years. His Majesty's Legation have made frequent representations on his behalf, but these representations have been evaded by the Persian Government. The Shah's own attitude in this matter is not exempt from criticism; he has broken the pledges he gave at Ahwaz in December 1924, he has broken the pledges which he gave, when, in October 1925, he extracted his last 500,000 tomans from the Sheikh on the promise of an immediate settlement; he has broken all the pledges which he gave so repeatedly and with such conviction to Sir Percy Loraine. He is not, it is true, personally unfriendly to the Sheikh; he likes, indeed, to exhibit him at public functions as living evidence of what happens

to those who oppose the policy of centralisation or make friends with foreign Governments. But as regards the sheikh's properties and rights, he seems unwilling to do more than promise an early settlement and to put the blame for the delay on his Ministers and on Dr. Millspaugh. It is evident, however, that no one but the Shah can induce the military to disgorge the properties, the revenues of which they are encashing either directly or through the medium of the sheikh's renegade son, Abdullah, who is a puppet in their hands. Sheikh Khazal, meanwhile, is becoming old and ill and blind; he has no money left wherewith to pay his heavy overdrafts or even his household bills.

75. The year 1926 has thus provided a repetition of the successive promises and evasions which characterised 1925. The most spectacular of these promises was that given in the sheikh's presence by the Prime Minister and Minister of Finance at their final meeting with Sir P. Loraine on the 1st July. They then undertook that the whole matter would be settled in a fortnight or, at most, three weeks. When this time expired, they excused themselves on the ground that unforeseen difficulties had arisen, that the Majlis was suspicious and hostile, that, above all, Dr. Millspaugh had intervened to prevent them executing their word. Vossuk-ed-Dowleh himself, who is outspoken in such matters, privately informed Mr. Nicolson that the opposition came, in fact, from the Shah. Such slight progress as has been made has been due therefore not to any desire on the part of the Shah or his Ministers to expedite a settlement, but to the willingness of Dr. Millspaugh to recognise that so irregular a situation could not indefinitely be allowed to continue. In the early spring Colonel MacCormack, Director of Internal Revenues, had addressed a memorandum to Dr. Millspaugh in which he contended that the sheikh's firmans were irregular, and that his Excellency had no right to any properties other than those which he had purchased out of his private income. Dr. Millspaugh was not wholly convinced by this argumentation, and countered it by asking certain pertinent questions, the tenor of which were on the whole favourable to the sheikh's case. A commission of eight members of the Ministry of Finance was finally appointed to prepare replies to these questions. Their report was wholly favourable, but its effect upon the Americans was diminished by their suspicion that certain members of the commission had been bribed. In these circumstances His Majesty's Chargé d'Affaires appealed personally to Dr. Millspaugh to put an end to this protracted uncertainty, and to see at least that the sheikh was immediately granted such properties as he had either purchased or developed out of his own income; this would at least provide the sheikh with the means of subsistence pending a settlement of the vexed question of his firmans. Dr. Millspaugh, while expressing some doubts of his capacity to extract these revenues from the Shah and army commanders, promised to use his best efforts at least to regularise the sheikh's position. On the 26th October an official letter was addressed to the sheikh by Dr. Millspaugh, which in effect officially admitted the latter's rights to all properties which he had either purchased or developed with his own money. This letter for the moment somewhat eased the sheikh's anxieties, and he replied to it, taking note of the admissions made and reiterating his claim to all his properties, whether developed or not. By that time, however, Colonel MacCormack had returned from his tour in Europe, and the sheikh's affairs were again entrusted to his unfriendly hands. No action was taken to place the sheikh in effective possession of the properties now recognised as legally his, and specious arguments were advanced that the sheikh had not yet paid his arrears of taxation, and that, in any case, a large proportion were being administered by Abdullah, the sheikh's son. Dr. Millspaugh, when again pressed by Mr. Clive, merely stated that he was not now dealing with the sheikh's affairs, but would again see what could be done. Another year closed, therefore, with no definite settlement having been agreed on, or put into execution.

IV.—CAPITULATIONS.

General Comments.

76. The Persian Government make no secret of their desire to abolish all special privileges enjoyed by the nationals of capitulatory Powers, and in this desire they are not discouraged by the American advisers. They have scarcely dared as yet to deliver any frontal attack upon the treaties themselves, but they endeavour to get round them by every possible subterfuge and on every possible occasion. Unfortunately, the entire edifice of our rights does not, since the denunciation of the Treaty of Turkomanчай, rest upon any absolutely solid treaty foundations, and into the crevices which score the surface of these foundations the Persian Government have with considerable ingenuity driven the thin ends of several wedges.

Thus, while not questioning the right of British subjects to be tried in the Foreign Office Tribunal or the karguzari courts, they endeavour more and more to apply in those courts their own Commercial and Penal Codes, which are as yet only in draft form and which have in no sense been accepted by the capitulatory Powers. As regards taxation also, they have shown bad faith in the application of the Road Tax Law and the Law for the Sugar and Tea Monopoly. The fact that these two taxes have been accepted by His Majesty's Legation as applicable to British subjects has tempted the Persians to introduce through the breach thus made a variety of exactions and regulations which were never contemplated by His Majesty's Legation at the time when the taxes were approved. Thus they claim to interpret the expression "toilet articles" in the road tax as meaning "wearing apparel, whether new or old"; and by insisting that neither the road tax nor the monopoly are customs taxes they enforce payment on all persons, including not only the concessionary companies but also diplomatic and consular officers, who have the right to claim exemption from customs dues. A further development which is difficult to counter is the increasing number of police and municipal regulations regarding motor cars, sanitation, &c., each one of which is admirable in itself and as such awkward to resist, but the aggregate of which constitutes a real diminution of our inherited position under the Capitulations. His Majesty's Legation, supported by the German, Italian and French Legations, and rather half-heartedly followed by the United States Legation, have throughout the year endeavoured to deal reasonably with each incident as it occurs and to avoid raising all questions of principle. The general policy that has been followed is to cleave rigidly to such essentials as the judicial privileges as well as absolute inviolability of person, domicile and property, while being more elastic regarding those lesser privileges which, while not very defensible in themselves, are based rather on habit than on the strict letter of any existing treaty. This elasticity of treatment has enabled the main body of our rights to emerge at the end of the year, a little jolted perhaps by the rough road which they have traversed, but still, on the whole, intact. The necessity of maintaining at least the judicial Capitulations for as long as possible, and the scant confidence which can be reposed in any present or future form of Persian judicial procedure, is evidenced by the example of Russia, who, having in 1921 made the gesture of abandoning all her rights under the treaties, has now found it essential in all important cases to direct the course of Persian justice by strong diplomatic representations to the Persian Government.

Foreign Schools in Persia.

77. Two attempts were made during the year to attack the privileged position of foreign schools and colleges established in Persia. The first took the shape of a request that such schools should conform to the provisions of the Persian Educational Law, that their curriculum, management and school-books should be approved by inspectors of the Persian Ministry of Education, and that they should refrain from all forms of religious instruction other than that in the Moslem religion. This request was considered at a meeting of the representatives of the capitulatory Powers, when it was decided to accept the more reasonable of the Persian demands while leaving open "for further discussion" such requirements as appeared to offer serious objection. At a subsequent meeting, however, the United States Minister, who feared that any acceptance of the Persian demands would seriously embarrass the American missionary schools and their subscribers, urged that no reply at all should be sent to the Persian enquiry, but that the respective Legations should deal independently with the Government if and when their schools met with specific difficulties at the hands of the authorities. This somewhat negative proposal was accepted and the Persian note was left unanswered. No specific difficulties have as yet occurred. The second attack on foreign schools was delivered in November and took the form of an official request for copies of the "licences" issued for the foundation of such schools whether in Tehran or the provinces. It is highly unlikely that any of the British or American schools possess any such documentary authorisation, and this second enquiry has also been left unanswered pending consultation with the United States Legation and the directors of the schools themselves.

Gulhek Village.

78. Although the vague jurisdiction exercised by His Majesty's Legation over the village of Gulhek stands in a category of its own distinct from the Capitulations,

it may be well to record in this section the Persian attempts to undermine our jurisdiction and to deprive the Gulheki of the privileges which for several generations they have enjoyed. The tactics employed in this instance by the Persian Foreign Office are illustrative of how a concession made to them on a small and harmless point is apt to be exploited until a larger principle becomes involved and often compromised. Thus under the new passport regulations all Persian subjects leaving the capital must be provided with a police permit; to obtain this permit they must produce their identity cards or *sijil-i-ahwal*; in order to obtain this *sijil-i-ahwal* they must be registered on the census of their village; and when thus registered they become liable to military service. Hitherto the Gulheki had travelled on emergency certificates issued by the Legation, but the Persian police refused any longer to recognise such certificates when issued to Persian subjects. The Legation were thus obliged to admit the taking out of *sijil-i-ahwals* by the Gulhek villagers, with the result that in the last days of the year it became evident that Gulheki would be conscripted. The above record is of course somewhat foreshortened and omits the endless promises made on the one side by the Persian Government and the formal reservations made on the other by His Majesty's Legation. The Persian Foreign Office appear to realise that we do not, in fact, possess any very convincing documents to justify the jurisdiction which we exercise. The Legation, for their part, would be only too glad to rid themselves of their responsibilities in regard to Gulhek, since their jurisdiction over the village is little more than an invidious and troublesome anachronism. The villagers, however, threaten to take "bast" if their privileged position is in any way diminished. The whole matter is likely to cause some trouble in 1927.

Visits.

79. This foolish dispute has, it may be hoped, been terminated by the welcome discovery that the late Sir G. Barclay had in September 1909 accepted the Persian point of view and committed His Majesty's Legation accordingly. The procedure now agreed to between the Persian Government and the Diplomatic Body is that the later arrival, whether consul or karguzar, calls first; in the case of a Governor being a later arrival he first leaves his card on the consul and the latter then returns the card by a formal visit. No procedure, however, has as yet been devised for the exchange of visits between consular officers and provincial divisional generals (Amir Lashkars).

V.—CONCESSIONS.

Anglo-Persian Oil Company.

80. The three most important features in the activities of the Anglo-Persian Oil Company during the year were, first, the adoption of a policy of marketing the company's products in the north of the country as well as in the south; secondly, the visit of Sir John Cadman, chairman-designate of the company, to Persia and the conversations held by him with the Persian authorities; thirdly, the negotiation by the company with the Persian Government of an agreement regarding the transferred territories.

Extension of Company's Products to North Persia.

81. The immediate cause of the first of these—the spread of the company's products to North Persia—was the grain shortage and threatened famine in the winter of 1925–26 and the transportation of large quantities of grain by the Alimentation Department by their own, and commandeered, motor transport to the capital. The grain crisis occasioned a great development in motor transport in the north, and the demand for petrol increased accordingly. Simultaneously, the Russian transport company, Auto-Iran, which normally carries the supplies of Russian petrol and other oil products in North Persia, ceased to operate owing to a difference of opinion with the Alimentation Department, who refused to exempt them from the general commandeering of transport necessitated by the crisis. A little later the Russians, partly as a branch activity of the general scheme of economic pressure which they were applying, stopped selling petrol altogether. The Persian Government, in these circumstances, naturally turned to the Anglo-Persian Oil Company for help. His Majesty's Minister, to whom the matter had been mentioned by the Shah, urged the company to spare no effort to meet the demand, pointing out the great potential political and moral effect which would result from their successful intervention. The company, both at home and in Persia, responded with alacrity

and announced their readiness to meet the complete needs of Persia regardless of possible financial loss to themselves. Their prompt and efficacious measures to organise an adequate distribution service in spite of the difficulties of the season were most admirable. In addition to the general marketing of their products to the public in the north, a special agreement was made between the Alimentation Department and the Anglo-Persian Oil Company for the supply and transportation of the former's large requirements in petrol in the department's own lorries.

82. The immediate crisis in the petrol supply was thus met. The company, in addition, put their distributing organisation in the north on a permanent basis and have continued since to compete with the Russians, for Russian petrol soon reappeared when it was realised that this part of their economic attack had been effectively parried. Now both Russian and Anglo-Persian Oil Company petrol is on the market practically all over the north. It may safely be stated that, though the company in normal times is unlikely to make any financial profit from this new policy, they do and will undoubtedly reap a considerable moral advantage from the fact that they are no longer exposed to the accusation to which they were open before that actuated solely by the selfish motives of the exploiter, they reaped all the benefits to be derived from Persia's most valuable natural product, and did not even make it available for the Persians themselves. Indeed, though there were good grounds for the company's previous policy, it did seem a remarkable anomaly that in the capital and whole northern region of one of the world's largest oil-producing countries native oil products were not obtainable. As a result of the new departure, the public enjoy the advantage of a far lower price owing to the element of competition which has been introduced. From the political standpoint, the breaking of the Russian monopoly is of obvious benefit both to Persia and in a lesser degree to Great Britain.

Sir J. Cadman's Visit to Tehran.

83. It was fitting that the Anglo-Persian Oil Company should be represented at the coronation of His Majesty the Shah by one of their most important officers; it was also convenient that a high representative of the company should have an opportunity of estimating the new régime in Persia and of reviewing on the spot and in contact with leading Persian politicians the broader issues of the company's policy in regard to the source of its products. Sir J. Cadman's visit was peculiarly opportune for a third reason, namely, that he was soon to take over the supreme direction of the company. Before his visit was definitely settled, it was ascertained that it would be welcomed by the Shah and the Government, and that His Majesty would accord him a private audience. Sir John, accompanied by some of the company's leading experts from London, arrived in Tehran a few days before the coronation, after visiting Abadan and the oil-fields. Besides the discussion with the Persian authorities of specific points, Sir John, quickly perceiving that there was a general feeling of distrust of the company among Persians, which bordered indeed on actual hostility, directed his attention to establishing a more friendly spirit and a better understanding of the company's activities and policy, and to devising means to remove the widespread feeling that Persia was badly treated by the company, that she obtained no benefits from their activities, and that they merely conspired to rob her of enormous wealth which was purely hers by right. Sir John Cadman's visit and activities in Tehran succeeded in producing some effect in this direction upon the Persian Government and the American Administrator-General of Finance, and the fact that he realises the importance of making continuous efforts to this end and will presumably make this a cardinal point of the company's policy towards the Persian Government and public is of great importance.

84. Among the important questions which he took up with the Persian Government, the following were the principal:—

- (a.) Royalties payable by the company to the Persian Government. The method of calculating these at 16 per cent. of the profits of the company was not considered satisfactory on the Persian side; a tonnage basis was preferred. It was decided that the matter should be examined in detail, the company supplying the Ministry of Finance with all the necessary data. It is understood that the company do not consider that a tonnage basis would from the purely financial point of view be satisfactory to them; but it is possible that, in order to satisfy the Persian Government, the company may consent to meet their wishes in this respect, if a satisfactory *quid pro quo* could be obtained. It was suggested on the Persian

side that such a *quid pro quo* might be found in an extension of the length of the company's concession. The matter has been left in this position.

- (b.) The company's rights of exploitation in the districts of Semnan and Damghan. The company contend that these districts are within the scope of the D'Arcy Concession. The Persian Government contend that they form part of the Province of Khorasan, one of the five northern provinces excluded from the concession. Both sides maintained their points of view and it was decided to leave the matter in abeyance for the present (see also paragraph 92 below).
- (c.) Company's agreements with the Bakhtiari Khans. Before the arrival of Sir J. Cadman the question of the validity of clauses in these agreements regarding the transfer to the khans of certain buildings at the expiration of the concession had been raised in the Majlis. These clauses, the Persian Government contended, were contrary to the clause of the D'Arcy Concession whereby such buildings are to be ultimately surrendered to the Persian Government. To meet the views of the Persian Government, the Bakhtiari Khans were approached regarding the abrogation of these clauses in the agreements with them, and after great difficulty were eventually persuaded to agree.

85. Other questions treated during Sir John Cadman's visit concerned the transferred territories (see below); the distribution of the company's products at a low rate throughout Persia, which has been dealt with above; an arrangement that the company should send geologists to explore the oil-bearing possibilities of Central Persia, especially the vicinity of Tehran; assistance to be given by the company in the surveying and construction of the Dizful-Khoremmabad road; educational facilities offered by the company both in Persia and England; and improvements in Abadan and help to be given to the municipality.

Transferred Territories Agreement.

86. The third item of first-class importance in the activities of the company in Persia during the year was the negotiation with the Persian Government by means of an exchange of letters, of an agreement regarding the oil-fields in the Naft Khaneh area, the main provisions of which were:—

- (1.) That the oil extracted from the part of the field that lies in Persian territory would be allowed, after treatment at the refinery to be erected in Iraq, to re-enter Persia free of duty.
- (2.) That all material required for the working of the deposits and for the pipelines passing backwards and forwards over the frontier in this area would also enjoy customs exemption.
- (3.) That the 16 per cent. royalty payable to the Persian Government on oil extracted from this field should be assessed on a tonnage and not on a net profit basis.
- (4.) That the company should import into Persia whatever quantity of its refined products the Persian market might require up to 100 per cent. of the output of the West Persian oil-field, so long as it did not incur loss thereby.

87. At the end of the year the Majlis got wind of this agreement, and, seizing on it eagerly in their anxiety to find a good stick wherewith to beat an unpopular Government, attacked the Cabinet heavily for having made it, subjecting its provisions to much malicious and ill-formed criticism.

Items of Minor Importance.

88. In the autumn of the year the company was attacked in the Majlis and the press for discharging Persian workmen and replacing them by Arabs and others; the company, however, were able to disprove the allegation, showing that the proportion of employees of Persian nationality in its establishments in Persia was 82 per cent. of the total number, an increase on previous years. The figures on the 21st August were: Persians, 19,768; Americans and Europeans, 945; Indians, 3,341; others, 424; total 24,478.

89. This attack is a symptom of the feeling against the company, which, as stated above, was realised by Sir J. Cadman on his visit. As a counter-measure, and in the hope of dispelling the ignorance regarding the company's activities which

is so prevalent, the company have decided to arrange facilities for prominent and influential Persians to visit the fields at the company's expense. One party has already done the trip and is reported to have been most favourably impressed.

90. Symptoms of a disposition on the part of the Persian Government to try to establish the theory that the company was an internal Persian concern and that, as such, its affairs should not be dealt with by the Ministry for Foreign Affairs and the karguzars in the provinces, but by branches of the internal administration, were observable during the year. An acknowledgment of the true position of the matter was successfully extracted from the Minister for Foreign Affairs by the Legation.

91. Employees of the company were involved in a serious incident in August when an official of the company and three drivers were assaulted and imprisoned at a village on the Kermanshah road by road-guards. His Majesty's Legation, on the evidence put before it, demanded that exemplary action should be taken and that suitable apologies should be tendered. The first demand was fulfilled; the second had been agreed to by the Persian Government, but had not actually been accomplished by the end of the year.

Semnan and Damghan.

92. The Persian syndicate formed for the exploitation of the oil supposed to exist in this area was registered early in the year. It is in composition Russo-Persian; and among its shareholders are M. Khoshtaria, the Persian Minister of the Court (Teymouratche), and the ex-Minister of Public Works (Daver). His Imperial Majesty the Shah has been given, it is credibly reported, a substantial interest in the company. The Anglo-Persian Oil Company have left the Persian Government in no doubt as to their contention that operations in this area constitute an infringement of their rights. In September it was reported that a fields manager had been appointed by the Persian syndicate and that two mining engineers had been engaged and had arrived at Tehran. At the end of the year some machinery imported by the Persian company arrived at Pahlavi (Enzeli). The attitude of the Anglo-Persian Oil Company is that their reports indicate that it is most unlikely that oil exists in the district in exploitable form or quantities, but that they propose to maintain their rights strongly as a potential lever for use with the Persian Government to gain other ends; they hold, however, that it would be too expensive and precarious to resort to arbitration. If, however, the Russo-Persian Company commence operations they are prepared to enter a claim for damages for breach of contract.

RAILWAYS.

Persian Railway Construction.

93. The Government Railway Bill was submitted to the Majlis on the 19th January. It authorised the Government to "take measures for the construction" of the following eight lines:—

- (1.) Tehran-Mohammerah.
- (2.) Tehran-Seistan-Duzdap.
- (3.) Tehran-Chahbar.
- (4.) Tehran-Saujbulagh.
- (5.) Tehran-Astara.
- (6.) Tehran-Bandar-i-Gaz.
- (7.) Tehran-Lingah.
- (8.) Tehran-Kotur (Urumia).

It will be observed that all mention of the Tehran-Khanikin line was omitted. Four American experts were to be engaged for the preliminary surveys; when these were completed foreign firms would be invited to submit tenders. This Bill, which had been drafted with one eye to flattering regional interests rather than with any regard for economics or even geography, was, on the 9th February, passed by the Majlis in a curtailed form. All mention of particular lines was omitted and the Government were instructed themselves to decide which line was first to be constructed and then to submit their decision to the Majlis for ratification. The four American experts were cut down to one, who was to be assisted by a German engineer, both to be engaged for a period of two years only. Smelting works were to be established in Persia itself for the fabrication of steel rails, and it was for this purpose that the German expert was to be engaged.

94. The passage of this Bill and the apparent determination of the Persian Government and Majlis to adopt the north-south rather than the east-west axis for their railway system led to a careful investigation by the Departments of His Majesty's Government of the effect which such an alignment would have upon British strategic interests and the extent to which pressure should be applied to protect those interests. The consensus of opinion was that although an east-west axis would be preferable, yet a north-south axis would not constitute a serious or immediate menace provided that construction started from Mohammerah upwards and not from the Caspian to Tehran. It was generally agreed, also, that, since Persian opinion seemed determined on a north-south axis, it would be imprudent violently to oppose these desires, but would be preferable to endeavour by discreet suggestion to ensure that construction was started from Mohammerah and if possible with the co-operation of British industry.

95. Towards the end of the year Mr. Poland, the American expert, and M. Martin, the German engineer, both arrived. The former succeeded in inducing the Majlis to attach to him ten more American experts. The latter, while reporting that it would be possible to construct smelting works and blast furnaces in Persia itself, had the honesty to add that it would be far cheaper to import rails from abroad and land them at Mohammerah. They both, much to the indignation of the Shah and Majlis, warned the Persian public that the construction of railways would take several years. Meanwhile, Mr. Poland, who appears to be a man of intelligence and honesty, is paying flying visits to the several areas over which the lines might be constructed. His intention apparently is, so soon as his assistants arrive, to begin surveys of several different lines at once.

Persian Railway Syndicate.

96. In January the syndicate asked for the strong support of His Majesty's Legation in order to obtain: (1) The repayment of the sums expended by them on the Mohammerah-Khorehmad and Khanikin-Tehran surveys; (2) an admission on the part of the Persian Government that the options held by the syndicate gave them a preferential claim to railway construction in Persia. His Majesty's Legation pointed out that (1) was inopportune at the moment, and that (2) might lead the Persian Government to formulate a categorical denial of the validity of the whole arrangement entered into between the syndicate and Prince Firuz, on the ground that this arrangement had been made without the knowledge or consent of the Majlis and was thus illegal. Such a denial would not only prejudice the chances of the syndicate obtaining any share in the open tender for railway construction, but would destroy all hope of their being reimbursed for the expenses of the two surveys. In view of this opinion, the syndicate agreed to the postponement of any immediate representations to the Persian Government, but proposed at once to send Sir Montagu Barlow as their representative to Tehran. This proposal was also discouraged by Sir P. Loraine as being somewhat premature, and it was not revived by the syndicate until early in June. Sir P. Loraine, who had meanwhile ascertained that Dr. Millspaugh did not regard the report of the 1925 Commission as in any way validating the syndicate's claim, then pointed out that such a visit would at that stage be useless, since in any case a lengthy period must intervene before an agreed figure could be reached as to the total of the claim and before the consent of the Majlis could be obtained to any cash payment. The directors of the Persian Railway Syndicate, who had meanwhile decided to wind up the syndicate so soon as their claim had been settled, continued to urge that action should be taken, but the Legation reiterated their opinion that representations would at the moment do more harm than good. The matter is likely to remain unsettled for several years.

Duzdap Railway.

97. At the end of 1925 it was confidently expected that the American scheme for a Seistan Extension Railway would at any moment be embodied in the form of a Bill to be presented to the Majlis and that the Legation would then be asked for assurances regarding the future maintenance of the Dalbandin-Mirjawa Railway and its extension to Duzdap. Sir P. Loraine, in anticipation of such a request, decided to obtain the views of His Majesty's Government and the Government of India in advance, and was authorised in a despatch of the 14th April to put the following proposals before the Persian Government:—

- (1.) The Mirjawa-Duzdap section to be ceded without payment to the Persian Government.

- (2.) This section to be operated for a stated period of years under Indian management and with Indian rolling-stock and personnel.
- (3.) If, however, the Persians prefer to employ Persian personnel, they may purchase the rolling-stock at reasonable rates.
- (4.) The Persian Government to guarantee the Government of India for running losses on the desert section from Mirjawa to Nushki. The Government of India in return to guarantee that they will continue to maintain and operate this line.
- (5.) The Persian Government to cede to the Government of India the land for an exchange station at Mirjawa.
- (6.) A proportion of the Duzdap customs receipts to be allotted to security expenses, and notably subsidies to the Sarhad Serdars.

Sir P. Loraine felt that as a matter of tactics it would be preferable to allow the Persian Government themselves to initiate the negotiations, and he refrained therefore from putting these proposals before them. This was fortunate, since in July the Indian General Staff reverted to their former opinion that any extension of the railway system from Duzdap westwards or northwards would seriously affect the strategical position of India. The Legation were thus instructed to suspend all action pending further instructions. The Persian Government for their part and the American advisers appear also to have reconsidered their desire to construct the Seistan extension, and no overtures were made to the Legation on the subject. The crisis which occurred in the Sarhad in August introduced a further complication and inevitably increased both the Government of India's dislike of their commitments at Duzdap and the Persian Government's suspicions of our intentions regarding the railway. Thus in this question also no progress can be recorded for the year 1926.

POSTS AND TELEGRAPHS.

Posts.

Persian Internal Service.

98. The service continued to be irregular and inefficient and many complaints were received. It was hoped that M. Jamar, the Belgian expert who had been selected as adviser to the Ministry of Posts, would remedy the situation, but owing to the haggling which went on in the Majlis regarding M. Jamar's contract, the latter has not yet appeared, and it is reported even that he has in disgust abandoned all intention of coming to Persia.

Bushire Agreement.

99. The Persian Government took no steps to ratify this agreement.

British Indian Post-offices at Duzdap and Mirjawa.

100. In May the Persian Government made a tentative request for the removal of these post-offices, but an evasive reply was given and the matter was again dropped. In October the Belgian Director of Customs drew attention to certain irregularities of procedure in these two post-offices, and the attention of the Government of India was drawn to his complaints.

Air Mail Contract.

101. The contract with the Junkers Company is dealt with in paragraph 191 of this report.

Telegraphs.

Kerman-Bunder Abbas Line.

102. The previous history of this question is given in paragraph 242 of the annual report for 1925. Repeated representations failed to induce the Minister of Posts and Telegraphs seriously to grapple with the matter, and the Tehran Director of the Indo-European Telegraph Department at one moment contemplated closing the line in order to oblige the Persian Government to come to a decision. Meanwhile, articles 11 and 12 of the revised draft agreement had, after consultation between the India Office, the Foreign Office and the Treasury, been amended in such a way as to avoid the difficulty regarding the currency in which the accounts were to be rendered. These articles as amended merely recorded in terms of the rupee

the total cost of the line and the payments due by the Persian Government thereunder. The draft agreement was then again presented to the Persian Government, and their attention was called to the above-mentioned amendment of articles 11 and 12. The Minister of Posts and Telegraphs, who has proved himself quite incapable of accepting any responsibility, referred the whole question to a committee, who were still supposed to be considering it at the end of the year.

Limitrophic Agreement between Persia and Iraq.

103. In the autumn of 1925 Mr. Gumbley, adviser to the Iraq Ministry of Posts and Telegraphs, concluded an agreement with the Persian Director of Telegraphs whereby telegraphic correspondence should be exchanged between Iraq and Persia by a system of "hand transfer" between the terminal offices of the two telegraph systems on the frontier. This agreement also provided for a reduced and reasonable rate per word for telegrams thus exchanged. The Persian Government showed no inclination to implement this agreement, fearing doubtless that it might be interpreted as implying the recognition of Iraq. His Majesty's Legation hesitated to press them to do so, since the Indo-European Telegraph Department contended that the agreement concluded by Mr. Gumbley violated both the spirit and the letter of their own concession. A protracted and somewhat technical controversy ensued between Mr. New and Mr. Gumbley, conducted respectively through His Majesty's Legation and His Majesty's High Commissioner at Bagdad. Mr. New contended that the Persian Government had no right to conclude any agreement with third parties for the transmission of international traffic, that the rates specified in the limitrophic agreement would undercut the Indo-European Telegraph Department system, and that, in any case, the Iraq and Persian Administrations were precluded by the International Telegraph Convention from exchanging messages in Arabic character. Mr. Gumbley contended that as the Indo-European Telegraph Department had not exercised their option to take over the Tehran-Khanikin line, that line could not be regarded as part of their system; that the Persian Government had every right under the concession to conclude limitrophic agreements and to fix a lower rate per word for such traffic; and that the International Telegraphic Conventions in no way prohibited the exchange of messages in Arabic character. Finally, he argued, and with some justice, that it was inequitable that the Indo-European Telegraph Department should block all direct telegraphic communication between Persia and Iraq. Mr. New finally offered a compromise rate per word which Mr. Gumbley did not feel justified in accepting. Mr. Clive, for his part, considered that the arguments on each side were of too technical a nature to justify any definite opinion being formed by His Majesty's Legation, and he therefore suggested to Sir Henry Dobbs that the dispute should be referred home for settlement between the Dominions Office, the India Office and the Treasury.

Central Persia Line.

104. No settlement has been reached between the Indo-European Telegraph Department and the Persian Department of Telegraphs on the vexed question whether the pay and allowances of the staff employed on the construction of the Central Persia line, as well as the cost of the buildings on that line, should be lumped with the capital expenditure or treated as a separate debt for immediate repayment. The wording of the original agreement is vague, and the American advisers support the Persian contention that this expenditure should be added to the capital debt only.

Wilful Damage to the Indo-European Telegraph Line.

105. Cases of wilful damage were on the whole less frequent and no unpleasant incidents occurred. A difficulty which arose owing to the construction of a house under the line at Shiraz was, after protracted argument, amicably settled.

Tehran-Khanikin Line.

106. Under article 16 of the convention of 1872 His Majesty's Government obtained the option to take over this line; this option was, however, transferred to Russia as part of the 1907 convention, and it could be contended that under the Russo-Persian Treaty of 1921 the option had been again transferred by the Russian to the Persian Government. When, therefore, the Indo-European Telegraph

Company decided to tender for the control of this line, His Majesty's Government decided not to insist on their somewhat questionable rights under the 1872 convention, and his Majesty's Chargé d'Affaires was instructed to inform the Persian Government that His Majesty's Government, who did not themselves wish to control the line, were prepared to support the proposals advanced by the Indo-European Telegraph Company. This communication was made to the Persian Government early in October, but the Indo-European Telegraph Company had made no progress with their negotiations by the end of the year.

Reuter's News Service.

107. This service has been maintained in spite of the fact that the British official wireless is now also regularly received by the Indo-European Telegraph Department station at Tehran. It was not felt that the official wireless constituted an adequate substitute for the far more detailed and extensive Reuter telegrams.

Wireless.

British Installations at Bushire, Henjam and Lingah.

108. The Persian Government did not raise this question during 1926, and the Legation took no steps to encourage them to do so.

Persian Wireless.

109. The Persian wireless system was extended during the year by the erection under Russian supervision of a station at Ahwaz. The whole system, which was originally supposed to be purely for military purposes, proved so heavy a drain on the War Office budget that at the end of the year the Shah announced that he had decided to throw the wireless open to the public, and to place the service and its heavy deficit under the Ministry of Posts and Telegraphs. The latter were highly embarrassed by this expensive present, and would doubtless have been delighted had His Majesty's Government protested on the ground that the use of this service for public telegrams was a violation of the concessions held respectively by the British Telegraph Department and Company. His Majesty's Government, however, made no such protest, although the company entered a private and somewhat tentative protest on their own.

Other Wireless in Persia.

110. A receiving and transmitting set is installed in the Soviet Embassy, and nearly all the Russian consulates possess receiving sets, which they use mainly for propaganda purposes—the Moscow concerts and even the recent speech of Mr. Cook being broadcasted for the delightment of the Persians at Resht and Hamadan and Kermanshah. Receiving sets are also installed in the French and German Legations and in the Indo-European Telegraph Department.

VII.—TRADE.

General.

111. From the point of view of trade the year 1926 was dominated, in Persia, by two events—the transport crisis and the Russian "embargo" on Persian exports. It may not therefore be amiss to preface this section of the report with some account of the main effect of these two influences; though owing to the impossibility of obtaining reliable statistics until a long time has elapsed, it is difficult to describe anything more than their general outline.

112. The transport crisis, which may be said to have reached its height at the beginning of the year was the direct result of the bad harvest of 1925. To avoid a famine the Persian authorities were forced to requisition for long periods all available means of transport on the main roads leading to Tehran, with the result that large stocks of goods were left stranded, especially in Gilan, at Khanikin and at Kermanshah. It is questionable to what extent this transport crisis could have been avoided or mitigated had the American advisers taken earlier measures to cope with the famine conditions of the winter. Almost undoubtedly it would have occurred in any case. But its immediate results were perfectly clear. In the first place it resulted in a very serious loss to Persian importers, who were forced for weeks and months to see a large proportion of their often exiguous capital tied up in unsaleable goods. A fair number of bankruptcies occurred, chiefly among Iraqi merchants, and it is remarkable, all things considered, that there were not more.

In the second place it exasperated the Russians, irritated as they already were by Persian opposition to the question of the Caspian fisheries, and conscious of the fact that the two previous years had resulted in an adverse trade balance, so far as they were concerned, of approximately 19 million tomans. It may be added that the Russian trade organisations, as a consequence of this adverse trade balance, were experiencing considerable difficulty in financing their operations, in other words, in buying the usually considerable stocks of chervontsi held by Persian merchants.

113. It is perhaps, therefore, viewed retrospectively, not altogether surprising that in these circumstances the Russians decided to impose the embargo on Persian exports to Russia (with the exception of cotton), which nominally came into force on the 1st February. The political effects of this dramatic measure are dealt with in another section of this report (see paragraph 7); the commercial are still to a further extent unknown. It can, however, quite definitely be said that the actual loss which the embargo caused to Persian trade was nothing like so great as was at first anticipated. Regarded as an economic move, in fact, it may perhaps be said to have achieved its objects of giving support to the chervonets, and frightening the Persian Government. The Russians probably never had the intention of applying the embargo strictly, though the extent to which they regarded certain Persian exports as essential to the economic life of the Soviet Union is naturally unascertainable. They realised, however, that the mere announcement of the embargo would create consternation and result in an all-round fall in prices, from which they could proceed to profit at their leisure. This fall duly took place; and as early as the end of February reports came in that the Russian organisations were doing a considerable amount of clandestine buying of such goods as dried fruits. Later in the year such reports grew more numerous (in April, for instance, Persian merchants were allowed to export 300,000 poods of rice to Baku); and it became apparent that the embargo (if such a name is taken literally) was on the whole more apparent than real.

114. Apart from its psychological and political effect it must be conceded that the Russian move had certain very definite consequences. It is true that in February the state of the market in Gilan, largely owing to the transport crisis, was extremely bad; but there is no doubt that during the spring and summer it would have been relieved, from the Persian point of view, if the Russians had permitted the normal amount of exports to go through. Figures for the whole year are, as has been said, not available; but judging from incomplete and partial customs returns it may be estimated that exports to Russia from Gilan decreased by about 30 per cent., those from Azerbaijan by about 20 per cent., and those from Khorasan by about 25 per cent. At the same time the tendency to eliminate the Persian merchant, already apparent before the embargo, was thereby accentuated—a fact which probably accounts in the main for the great outcry which heralded its announcement and for pressure which was still being exercised on the Government to cause its removal at the end of the year when, for various reasons, its stringency had been greatly alleviated. This outcry at first took the form of a demand for the prohibition of Russian imports into Persia. This demand was, however, wisely resisted by the Government. In any case, the material decrease in Persian exports which the embargo undoubtedly brought about, confirmed the Persian belief that the country was itself (after deduction of the oil exports) suffering from an adverse trade balance. Indeed, such may even prove to be the case as regards 1926.

115. If, then, the two influences outlined above served to make the year a depressing one for Persia from the commercial point of view, this was far from being the case as regards Russian trade with Persia. Though the customs receipts at the end of 1926 showed a depreciation of about 500,000 tomans it was believed by the Administrator-General that the total receipts during the Persian year ending the 21st March, 1927, would not fall short of those of 1925, and this in spite of a large reduction in sugar imports through the east and west. The reason for this is that taking renewed advantage of the differential tariff, the Russians increased their own sugar imports by something like 20 per cent., and, more or less, by the end of the year, succeeded in capturing the sugar market as far as Kermanshah, Kerman and Birjand. Although a large proportion of these additional imports may have been dumped on the market at a loss, there seems also little reason to doubt that the Soviets have by this means succeeded in converting their (since the war) passive balance of trade with Persia into an active one. It is clear, moreover, that this increase of Russian took place very largely at the expense of British and Indian trade. The total imports by the Duzdap Railway seem to have remained more or less constant, due to an unexpectedly good demand for piece-goods in Khorasan, but

the general trade via Kermanshah would seem to have diminished to a very considerable extent.

116. Besides the continuance of the differential tariff (referred to below) several factors seem to have contributed to this unsatisfactory state of affairs. In the first place, the £ appreciated from 43.96 at the beginning of the year to 51.50 at the end of it, thus favouring Persian exports, but tending to restrict imports. In the second, the flood at Bagdad in the early spring is calculated to have destroyed some £50,000 worth of goods destined for Persia. This catastrophe was the more unfortunate in that it took place at a moment when the Persian piece-goods market showed some slight signs of improvement following on a period of over-trading and depression. In the third, the general tendency of the Persian merchant to speculate and to over-trade continued to exercise an adverse effect on a market in which financial stringency and tightness of money were throughout the year the predominating features.

117. So far as the south was concerned the situation was relieved towards the end of the year by an unexpectedly good demand for opium from the Far East following on a record opium crop. Merchants were consequently enabled to transmit money to the interior to finance the sale of piece-goods, and trade prospects in Isfahan and Shiraz brightened considerably. The excellent wheat harvest in the northern provinces also stimulated the Persian demand; but it was as yet too early at the end of the year to trace the effect that this was likely to have on British trade. With the gradual wearing off of the effect of the transport crisis, transport rates fell to a great extent. Many of the lorries purchased by the Alimentation Service were used for the carriage of merchandise, and the number of cars and lorries in the country increased enormously. The agreement entered into by the Persian Government with the Anglo-Persian Oil Company for the transport of petrol to the capital had for its main effect the lowering of the price of petrol in Tehran by something like 50 per cent. The result of these various factors was that at the end of the year the rates between Resht and Tehran were much the same for both animal and motor.

Differential Tariff.

118. During the year the continued application of the 1903 tariff to the northern frontier resulted in a very real advantage to Russian and a corresponding handicap to British trade. This handicap is the more apparent with every stride taken by Russian trade towards the recapture of its pre-war position in Persia; and it is very largely to it that the almost entire loss of the North Persian piece-goods market must be attributed.

119. Unfortunately, the efforts made by the Persian Government to rid themselves of a differential tariff which results in an estimated loss to the Persian customs of 800,000–1,000,000 tomans a year were entirely inconspicuous. It is true that in March 1926 the Prime Minister assured Sir Percy Loraine that if no agreement (with the Russians) was reached "within a reasonable time" the Persian Government would apply the 1920 tariff to Russian goods; but there is no evidence to show that the Persian Government subsequently took this assurance very seriously. It does, however, seem that the Administrator-General of the Customs was authorised in June to resume tariff negotiations with the Russians on the basis of certain Persian proposals previously made, and it may be that certain negotiations took place. At the same time, it is evident that the conversations between the two Governments on the subject of a commercial treaty (see below) were confined in the main to other questions than the tariff—with which the Russians had every reason to be satisfied; and when M. Molitor was asked at the end of the year what the position was in this regard, he simply replied that the matter had been "put on one side." There, for the moment, and in spite of the continuous pressure exercised by His Majesty's Legation, it rests.

Proposed Luxury Tax.

120. One, and perhaps the main, reason for the fact that the uniform tariff was allowed to be lost sight of may be found in the preoccupation towards the end of the year of the American advisers with the scheme for a surtax, or, alternatively, an embargo on luxury articles or such articles as might with encouragement be produced locally. One hundred per cent. Americans, they are naturally protectionist at heart, and would seem to imagine that what was applicable to the United States of George Washington is applicable to the Persia of Reza Shah; while they are probably equally convinced of the desirability of obtaining "tariff autonomy" by making use

of the not over-intelligent public demand for a ban on the importation of a large number of so-called "unnecessary" goods. This demand has on several occasions made itself heard during the course of the last few years; and in so far as it represents a desire to restrict the importation of genuine luxury articles it may perhaps be regarded as a healthy instinct. Unfortunately it developed in 1926 into an outcry for the total prohibition of the import of any commodity which might in any circumstances be produced in Persia, and became coupled in the public mind with the belief that it was Persia's business to redress an (apparently imaginary) adverse trade balance. It was understood that early in the year Dr. Millspaugh had taken a firm stand against this outcry; but during the winter it seems that he came to the decision (in the taking of which he was probably largely influenced by Colonel MacCormack) that it would be advisable to bring forward some project which would have the effect of stifling popular criticism of his administration, allowing him an opening for readjusting the tariff, and perhaps providing him with some cards capable of use against the Russians. Legal justification for the measure (unless appeal were made to clause 3 of the 1903 agreement, which provides that the importation of any article may be prohibited by the Persian Government, in the interests of "social preservation and security") was not, however, forthcoming; and when Dr. Millspaugh was approached by His Majesty's Minister on this subject he could advance no logical reasons in support of his project.

121. In any case, a Bill simply empowering the Government to prohibit or, alternatively, to impose a heavy surtax on certain articles to be defined later by the Government itself was in December put before the Majlis and referred to various commissions. But it quickly became apparent that the general tendency of the Majlis was to refuse the Government the discretionary powers involved in this scheme, and to lay down in black and white the articles which should definitely be prohibited. It was clear that the effect of a hasty measure of this nature, if in fact it ever came into force, would be disastrous, not only from the point of view of British trade, but from that of the Persian consumer—not to mention the considerable loss to Persian revenues which would result. Unfortunately, it would seem as if the agitation, once started, could only with difficulty be stopped. The immediate result of the Majlis discussions at the end of the year was to send up the price in Tehran of anything which could possibly be termed "luxury article" by 20 to 50 per cent.

122. In view of the fact that the Bill, if it became law, would be in direct contravention of the 1920 Customs Convention, His Majesty's Minister addressed a private note in November to the Minister for Foreign Affairs pointing out that, although His Majesty's Government would be prepared to consider in the most sympathetic manner any proposals which the Persian Government might advance, they would not be prepared to interpret the clause of the 1903 agreement referred to above as entitling the Persian Government to impose sweeping measures of a protectionist nature. His Excellency's attention was also drawn to the fact that formal assurances had been given by the Persian Government in the past to the effect that in the event of any increase being made in the tariff the views of the Legation would first be obtained. From the speed at which the measure was being pushed at the end of the year it would seem, however, that this unofficial *démarche* had little effect.

Refusal of the Russians to purchase Chervontsi.

123. During the Nijni Fair of 1925 Persian merchants disposed of goods in the ratio of about seven to three of their purchases, the balance of their sales being effected in chervontsi. At the end of the year they consequently held large stocks of this currency, which they proposed to exchange into krans through the medium of the local Russian banks. In the course of the last few days of December, however, the Russian bank at Resht refused to buy chervontsi presented. The rate promptly fell from 45 to 38, at which figure there were no buyers. The Gilan merchants thereupon wired to their agents inland to sell chervontsi on their account. In Tabriz the Russian bank immediately refused to buy, the rate falling to 35. A few days later, however, it started buying again, the rate going up to 40. In Tehran the Russian bank equally refused to buy, though after animated discussions between the Persian Government and the Soviet Embassy the bank consented to purchase at 39, while it was itself quoting 46-47. Some business was done on these terms; but the Russians added a condition to the effect that only such chervontsi would be bought the holders of which could prove that they had acquired them in Russia

in exchange for goods. This stipulation dealt a heavy blow to the speculators, who had been buying chervontsi for as low as 25 in the bazaar. In any case, out of an estimated total of 140,000 chervontsi on the Tehran market, some 60,000 were bought back on some terms or other; after which the situation grew gradually less acute.

124. The reasons for this move on the part of the Russians are not very easy to determine. It was probably true that the Soviet trading organisations were short of cash at the beginning of the year, and consequently disliked having to part with large sums in krans out of their depleted resources. At the same time, it is obvious that to defraud the Persian merchants of about 10 per cent. of their chervontsi holdings (for the move, in fact, involved this) was not calculated to improve either trade or the relations of the Bolsheviks with Persia, on which it has always been understood that the Russians set great store. At the time, however, these relations had been decidedly strained by the Caspian fisheries question and by the transport crisis, and it is possible that the Russians were not disinclined to give the Persians proof of the extent to which they were dependent on them in financial matters. Furthermore, it is difficult to see how such a drastic measure could have been justified from a financial point of view alone—the amount immediately required by the trading organisations being probably not more than about £50,000. On the whole, therefore, the measure may be regarded as half commercial and half political in intent. It is in any case significant that there does not seem to have been any repetition of the crisis during the remainder of the year, though in November a number of Persian merchants were imprisoned at Baku for contravention of the Soviet regulations regarding the export of chervontsi. This action of the Soviet authorities produced a popular agitation for the release of the merchants, who were represented as having been imprisoned on purely arbitrary and unjustifiable grounds. The Government was bitterly assailed for not immediately bringing about their release, and seem to have been forced to make strong representations to the Soviet Embassy. The bulk of the merchants were, however, still imprisoned by the end of the year, and the incident contributed largely to the holding up of the negotiations with Russia, which will be considered in the following section.

Negotiations for a Commercial Agreement with the Soviet Union.

125. In May the Soviets approached the Persian Government with a view to entering into negotiations concerning a treaty (presumably on the lines of that concluded shortly before between Persia and Turkey) and at the same time resuming the discussions on the subject of a Commercial and Consular Convention, which had been left pending from the previous year. Indignant at the recently imposed embargo, the Persian Government did not respond immediately to these overtures, but at the end of July they (or rather the Shah) seem to have decided that the Soviet suggestion could not, in the circumstances, be disregarded, with the result that Teymourache, the Minister of the Court, was despatched on a personal mission to Moscow. It is not known how far Teymourache's instructions authorised him to enter into negotiations for an actual treaty, but commercial letters, i.e., those questions arising immediately out of the embargo and that of the Caspian fisheries, undoubtedly occupied the bulk of his time. It was not, however, until the end of October that it was possible to arrive at any idea of the basis on which the negotiations had been conducted. This appears to have been as follows:—

126. The Russians insisted, above all, on the redress of their adverse trade balance. To this end they wished to institute a rationing system by means of which all trade between the two countries could be strictly regulated. The extent to which Teymourache was prepared to meet this view was:—

- (1.) The trade between Russia and Persia to balance at 35 million tomans for each country, goods being exchanged for goods, and no cash transactions to be permitted.
- (2.) The Soviet Government no longer to exercise its monopoly of the sugar trade between the two countries.
- (3.) Persian exports to be composed of 15 million tomans' worth of cotton and 10 million tomans' worth of wool. The balance to be composed of raw material and miscellaneous goods (presumably mainly rice), of which Persian merchants should be at liberty to export 6 million tomans' and the Russian trade organisation 4 million tomans' worth. Persian traders to obtain export licences from the Soviets, who would also fix the market price in Russia of Persian goods.
- (4.) The Persians to continue to levy the road tax on Russian oil imports.

127. It will readily be seen that even these proposals (with the exception of (4)) were distinctly favourable from the Russian point of view. The adverse balance of trade was to be eliminated, while in point of fact, and in view of the figures both of the last few years and of before the war, it would not be possible, on these conditions, for the Persians to export anything like the quantities of cotton, wool and miscellaneous goods specified. On the other hand, Russian imports (which stood at 21 million tomans in 1925-26) could be increased up to 35 million tomans, while the need for export licences, coupled with the determination of the price of Persian exports by the Soviets, would result in a strengthening of the hold already exercised by the Russians on the Persian market. Furthermore, the acceptance of the principle of barter would render the concession of the Russians in respect of the abandonment of their monopoly of the sugar trade considerably more apparent than real. Persian merchants would, in fact, find themselves forced to accept sugar in exchange for their goods owing to its possessing a constant demand, and constituting perhaps 40 per cent. of the total Russian exports to Persia.

128. The basis on which the Soviets were prepared to negotiate was rather different. Briefly, they desired—

- (1.) Reciprocal trade to balance at 35 million roubles (say, 10 million tomans) as a minimum. Should Russian imports into Persia rise above this sum, Persian exports to Russia to be permitted up to the total sum attained by the former.
- (2.) The road tax on Russian oil to be immediately abolished.
- (3.) The Persian Government to give a guarantee never to commandeer transport.
- (4.) The Persian Government to grant Soviet citizens facilities in regard to the hiring of land.
- (5.) The Persian Government to concede the right to the Soviet Government of minting and importing krans whenever the Soviet trade organisations had need of them and the demand could not be met by the Persian Mint.

129. In return, they were prepared to make certain concessions. These may be summarised as follows:—

- (1.) In order to compensate the Persian Government for the loss of the road tax receipts on Russian oil, the Soviets would agree to the application by the Persian Government of a uniform tariff to all frontiers, this tariff being so calculated as to compensate the Persian Government for the loss of approximately 600,000 tomans.
- (2.) Offer of free transit across the territory of the Union for all Persian merchandise with the exception of fish, opium, &c. Free transit equally (a) for all goods ordered by the Persian Government for its own needs and not for purposes of trade, and (b) for factory and road-making machinery, medicines, lorries and publications ordered by private individuals.
- (3.) Right of free purchase by Persian merchants of all goods manufactured in the Soviet Union with the exception of oil, wheat, scrap metal, "goods not required for the Persian market" (i.e., furs, flax and rugs), and goods the export of which was forbidden by the law of the Soviet Union.
- (4.) All privileges accorded to Soviet subjects and organisations in respect of rebates on taxes, treatment, and transport facilities to be accorded to Persian merchants either importing or exporting goods.

130. It will be seen from this that the Russians were, on the face of it, prepared to go a long way in the matter of concessions in order to obtain the abolition of the road tax on oil. The tariff proposals were particularly attractive (and, indeed, in view of the great benefit which the Soviets derive from the present differential tariff, rather surprising), while those connected with transit facilities were of genuine value. On the other hand, (3) and (4) were probably more illusory than real. With regard to the demands, it should be noticed that (1) was much more businesslike (from the Soviet point of view) than (1) in Teymourache's proposals, eliminating, as it did, almost all possibility of Persian exports to Russia exceeding imports; that (2) was certain to encounter the opposition of the Persian Government on the grounds of principle; that (3) was hardly a demand that the Persian Government could conscientiously acquiesce in; and that (6), if allowed, would result in a very real financial advantage to the Soviets.

131. In any case, Teymourache returned to Tehran at the end of the year with nothing accomplished, and negotiations were still in progress during December. The main difficulty seems to have been the exemption or otherwise of Russian oil from road tax, but there was considerable (and perhaps not very intelligent) opposition on the part of the northern merchants to the mere idea of a "quota." The arrest of the Persian merchants at Baku, as already stated, hindered the negotiations, and it seemed quite possible that nothing would in the end come of these protracted and acrimonious discussions. The question of the Caspian fisheries, and the extent to which Persians should be permitted to participate in a new company to be formed for their exploitation, also proved a great stumbling-block. But its importance and significance was, for obvious reasons, far more political than commercial.

Rowanduz Road Project.

132. With the application of the embargo on the northern frontier the Persian Government very naturally cast round for alternative outlets for the trade of the northern provinces. In the case of Khorasan and Gilan no such alternative outlet was available, but Azerbaijan was in a position to turn either to Turkey or to Iraq. The Trebizond route was, of course, one of long standing and of considerable importance, as providing a means of placing Azerbaijan exports (chiefly carpets) on the market of Constantinople; but during recent years (in none less than the one under review) it has been obstructed by the folly of the Turkish authorities, who imposed quarantines and taxes, and generally did their best to encourage traders to abandon the route altogether.

133. In these circumstances it is not surprising that at the beginning of the year the Persian Government should have made enquiries concerning the possibility of opening up the route (which had been utilised by the Russians during the war) from Saujbulagh to the frontier at Rayat, and thence to Rowanduz, and to railhead at Kirkuk. The Iraq Government, for their part, were interested in this scheme, principally in view of the transit dues, &c., which would accrue to them on goods despatched by this route to Europe and India, via Bagdad and Basra; but also from the larger considerations of the possibility of Persian trade aiding the railway already projected between Kirkuk and Mosul—a railway which it was hoped would ultimately connect up with the Mediterranean. In May a formal assurance was given the Persian Government that they were prepared, in so far as the financial condition of the country permitted, to co-operate with the Persian Government in the establishment of a rapid and permanent trade route between Azerbaijan and Iraq.

134. Meanwhile, the Persian Government had, for once, displayed commendable activity. A credit of 500,000 tomans was approved by the Majlis for the development of trade routes in the north, of which it was proposed to devote 100,000 tomans to the immediate improvement of the existing caravan track between Tabriz and the Iraq frontier at Rayat. The Persian authorities at first, it is true, declined to expend this sum and start operations until definitely assured that a road on the Iraq side of the frontier was likewise under construction; but later, on being informed of the much more difficult nature of the country on the Iraq side and of the necessity of the Iraq authorities being in possession of a full survey report, they sanctioned the construction of their section of the proposed road, which it was expected at the end of the year would be practicable for motor transport by the autumn of 1927. The Iraq Government had, in the meanwhile, placed orders in England for bridge superstructures destined greatly to facilitate the negotiation of certain rivers by pack animals and eventually carry the road if it was decided to build it; but in the absence of the completed survey they were still unable to make this decision at the end of the year.

134A. It should be noted here that the Iraq Government insisted, very rightly, on a distinction being drawn between the Rowanduz Road and the Rowanduz Route. The first depended on their ability to undertake construction; the second related to the possibility of encouraging trade with Azerbaijan with already existing facilities. In order to test the potentialities of the route in existing circumstances, two "trial caravans" were organised in Bagdad. The first of these left early in September and arrived at Saujbulagh at the end of the month. On leaving this town for Tabriz, however, a number of the camels were requisitioned by the Persian military authorities (at that time engaged in operations against Simko and the Pizhderi Kurds) in spite of an assurance previously given that the animals would be exempt from confiscation; but they were subsequently released on representations being

made by His Majesty's acting consul. In due course this caravan returned to Bagdad, and it was understood that the profits made on the trip were considerable. Tea was the main article imported, and dried fruits the principal commodity exported. The second caravan left during the year, but returned too late from Tabriz, with the result that it was overtaken by snow near Rowanduz. On the whole, however, the results of the trials may be said to have been distinctly encouraging.

135. Considerable doubt seems to have prevailed in the minds of those concerned regarding the extent to which the new route would provide an alternative outlet for the trade of Azerbaijan. At one moment the Tabrizi merchants assured Dr. Millspaugh that it would be feasible for them to despatch thereby all the goods which would normally be forwarded by Trebizond. This view was, however, probably based on the idea that such goods could easily and cheaply transit over the old Bagdad Railway from Nisibin to Alexandretta. The Iraq authorities, on the other hand, proposed that the exports of Azerbaijan should be forwarded to Europe and America via Basra and Karachi, and prepared statistics to show that this, in present circumstances, was distinctly cheaper than the Alexandretta route, and less open to objections of a political nature. For the Basra route, however, the Tabrizi merchants manifested no enthusiasm; nor, in the event of either the Trebizond or the Caucasus route being available, is this greatly to be wondered at. It would seem, in fact, that the Rowanduz cannot, in normal circumstances, compete to any considerable extent with these last-mentioned routes; but it must at the same time be remembered—

- (1.) That Iraq itself absorbed during 1925 rather over a fifth of Azerbaijan's dried fruit exports.
- (2.) That tea and piece-goods might be imported from Iraq more cheaply via Rowanduz than is at present the case (to a limited extent) via Hamadan and Kazvin.
- (3.) That in times of crisis it would probably pay handsomely to export grain by this route to Iraq and even to India.
- (4.) That in the event of Kirkuk becoming linked up by rail with the Mediterranean the Trebizond route might meet with a very serious competitor.

Plans to relieve the Financial Stringency.

136. During the year the liquid resources of the country continued to be absorbed by the Sugar and Tea Monopoly Fund, which stood in December 1926 at nearly 7 million tomans. In addition, over a million tomans produced by the road tax was lying idle in Tehran. It was clear that something should be done to remedy this state of affairs; and Dr. Millspaugh himself wrote in the autumn: "The Persian Government should, as far as possible, turn its dead capital and its unproductive expenditure into living, circulating, and productive funds, returning to the people what we take from them, encouraging investments, developing agriculture, opening up mineral resources, fostering industrial undertakings, facilitating and promoting trade." In order to put these admirable sentiments into effect he subsequently brought forward two measures—a scheme for the establishment of an industrial and agricultural bank (in conjunction with which was to be set up a pawnbroking establishment), and a plan for economic development, dependent for its realisation on the industrial bank.

137. The original Bill comprising the first of these schemes was, when presented to the Majlis, of an extremely sketchy nature, and was promptly referred back to several committees, who were engaged in elaborating it at the end of the year. Briefly, its main recommendations were that a "National" Bank should be constituted with a capital not exceeding 5 million tomans derived from the sale of the Crown jewels and the Crown lands, and should be authorised to advance money against securities. The bank was to be managed by an American expert; and a clause regulated the disposal of any profits which it might make. Its principal object, however, would be to finance a number of operations of national importance specified in an accompanying Bill for the "Economic Development of Persia," such as the Jajrud Dam and the Karun Barrage. Both these schemes were highly nebulous at the end of the year, and though there was every prospect of their being eventually passed in some form or other by the Majlis, it was doubtful if they would not produce the reverse effect to that intended. In any case, it was not anticipated by the chief manager of the Imperial Bank of Persia in Tehran that the latter had much, or, indeed, anything, to fear from the establishment of such a "National" Bank.

138. At the same time there is a probability that the pawnbroking institution, a separate Bill for the establishment of which passed the Majlis at the end of the year, may prove to be beneficial and of real value, avoiding, as it does, the necessity of Persians in need of money to borrow at exorbitant rates from pawnbrokers in the bazaar.

Russian Transit.

139. (a.) *Russtransit*.—During the year a German named Krumpeter took charge of the Tehran branch of this organisation, an account of which was given on p. 61 of last year's annual report. Information concerning its activities was meagre, but it appears that it advertised its willingness to import goods from Europe through the Caucasus in thirty days at about 120 tomans a kharvar, claiming, in addition to the cost of transport, 10 per cent. on the invoice price of the goods for itself. It also seems established that the Soviets were promised 51 per cent. of its profits, the remainder accruing to the International Bank of Germany, which financed the venture. The Soviets, however, throughout the year seemed to regard "Russtransit" rather as a competitor than an ally, and it was universally expected that the company would meet with very much the same difficulties as Messrs. Wonckhaus encountered in 1924-25. This prediction seems in a measure to have been fulfilled, Herr Krumpeter announcing his intention at the end of the year of abandoning the Tehran branch and retiring to Tabriz, where business seems to have been moderately good. During December a vigorous denunciation of the methods of "Russtransit" was forwarded to the Legation by a Persian merchant at Resht.

140. (b.) *Irtrans*.—This company seems to have been hit during the second half of the year under review by the great appreciation in the value of the lira, but information as to the extent of business done by it is unfortunately not available.

Trade-Marks.

141. A law for the protection of trade-marks passed the Majlis on the 30th March, 1925, but was not promulgated until the 21st January, 1926. The law could not, however, be said to have come fully into force until such a time as the regulations for its execution had been elaborated and approved by the Council of Ministers. During the year the commission charged with this elaboration held numerous meetings; but progress was extremely slow, in spite of official and unofficial remonstrances addressed to the Minister for Foreign Affairs by His Majesty's Legation. By the end of the year it appeared that the main draft of the regulations had been decided upon, but this had not as yet been submitted to the Cabinet.

142. The situation was rendered more unsatisfactory by the fact that, owing it would seem to the faulty drafting of the original law, the Persian Ministry of Public Works refused to give legal protection to trade-marks until the year's period of grace (to date from the promulgation of the law), during which owners of marks previously recognised could establish their "prior rights," had expired. As the Customs had at the same time, by virtue of the law of 1925, declared invalid article 28, section 6, of the Customs Regulations, under the terms of which "unfair competition" was previously prosecuted, it followed that trade-marks were deprived of any legal protection.

VIII.—CONSULAR AFFAIRS.

Personnel.

143. His Majesty's vice-consul: Up to the 22nd April, acting for Mr. Brennan, Mr. A. C. Trott. From the 23rd April, Mr. T. V. Brennan.

Probationer vice-consuls: From January to August, Mr. J. P. G. Finch. From August to end of year, Mr. H. M. Eyres.

Consular Fees.

144. Consular fees—				£	s.	d.
March quarter	...	...	...	65	1	0
June quarter	...	...	...	102	10	4
September quarter	...	...	...	78	15	10
December quarter	...	...	...	174	3	11
Total	...	...	...	420	11	1

Registrations.

145. During the year 198 persons were registered as British subjects. A record was also kept of Kurramis.

Passports Issued.

146. Forty-seven British passports were issued during the year.

Births, Marriages and Deaths.

147. The register shows the following entries:—

Births	...	...	...	...	...	Nil.
Marriages	...	...	...	...	...	1
Deaths	...	...	...	...	...	2

Work of the Vice-Consulate.

148. The work of the vice-consulate has been the same as for 1925. The sanction of His Majesty's Government to the engagement of a British consular clerk was obtained towards the end of the year, and arrangements were made to this end.

Consular Courts.

149. No formal consular court was convened during the year.

Tribunal of the Ministry for Foreign Affairs.

150. The hearing of suits filed by and against British subjects has proceeded with the usual delays and lack of expedition which is typical of this tribunal. There have been no material changes in procedure during the year and no changes in the staff.

151. On the cases mentioned in the review for 1925 the following comments are made:—

(1.) *Imperial Bank of Persia v. Haji Mohammed Ibrahim Kermanshahi*.—The claim preferred by the wife of the defendant in this case was contested by the bank. The latter pleaded the incompetency of the court to try this case as it concerned property in Kermanshah. This pleading was accepted, and the plaintiff was informed that her suit lay in Kermanshah.

(2.) *Mirza Shukrullah Faturehchi v. Ziegler and Co.*—A judgment in first instance was given in favour of Ziegler and Co. The judgment debtor appealed, and after many protracted sittings the Court of Appeal were prepared to confirm the previous judgment. The appellant then enlisted the assistance of the editor of a local paper, the "Kanun," who initiated a campaign against the tribunal, and succeeded in holding up the issue of a final judgment. The Minister for Foreign Affairs intervened and called for the dossier of the case. By the end of the year the issue of the final judgment was still held up.

(3.) *Muhammad Reza Isfahani v. Ziegler and Co.*—The plaintiff has taken no serious steps during the year to prosecute his claim and the court has taken no initiative to pronounce any decision.

New Cases: (1.) *Ismail Agha Rahim Zadeh v. Imperial Bank of Persia*.—The petitioner's claim was in respect of the exchange value of certain kronen bills drawn on him by Austrian firms at the outbreak of the war and negotiated through the bank. As no real exchange rate was then available, the drawer was permitted to take up his bills at an arbitrary rate and his goods were released, on which he cleared a considerable profit. The claim was eventually quashed.

(2.) *Gerrard v. Agha Jan Kalimi*.—Mr. Gerrard, a British subject in Shiraz, claimed, in respect of fodder supplied by himself and his former partner, Mulla Agha Jan Kalimi, to the South Persia Rifles, a considerable sum alleged by him to have been misaccounted for by his partner. He lost his case in the Karguzari court of Shiraz, and claimed a rehearing owing to the refusal or omission of the Karguzar to receive material evidence. The case was referred to the Ministry for Foreign Affairs, who agreed to entrust the newly-appointed Karguzar with the task of re-examining the case, and if he was unable to promote a settlement the full dossier of the case was to be transmitted to the Ministry for re-examination.

(3.) *Bankruptcy: Shaoul Muallim, Hamadan*.—Shaoul Muallim Saleh, an Iraqi merchant of Hamadan, declared bankrupt in April 1926. His principal creditors were the Imperial Bank of Persia, Ottoman Bank, Messrs. Ezra Sassoon and Co.

(Limited). In view of the preponderance of the British interests concerned and in default of any satisfactory Persian court to deal with the case, the affairs of the bankrupt were being dealt with by His Majesty's vice-consul at Hamadan in conjunction with the Governor *qua* Karguzar. Available assets were collected, and by the close of the year an interim dividend was allotted to recognised creditors. The case was still in process of liquidation.

(4.) *Bankruptcies: (a) Imperial Bank of Persia v. Mirza Abul Ghassam "Rasti"; (b) Imperial Bank of Persia v. Mir Mahmoud Sarraf*.—As Persian creditors had also filed claims in respect of the above bankrupts the Tribunal of the Ministry for Foreign Affairs refused competence. The bank's claims as a creditor were indirectly lodged in the Adlieh and the bank received a proportion of its claim. The general question of bankruptcy procedure is dealt with in paragraph 152.

(5.) *Ismail Khalil Zehouri v. Imperial Bank of Persia*.—Petitioner ordered goods from a French firm in Paris. Goods were consigned to the bank for delivery to their customer against payment of bills. The customer deposited the estimated transport charges with the bank, and made forward contracts for sale of the goods. Before bills or goods arrived, however, the consignors telegraphed the bank not to present the bills for payment and to deliver goods to another party. The bank had no option but to carry out these instructions. The petitioner was non-suited.

(6.) *Imperial Bank of Persia v. Mukhber-ed-Dowleh*.—The bank claimed in respect of a loan made to their customer, which was overdue. Defendant failed to enter an appearance, and judgment by default was given in the bank's favour.

Bankruptcy Procedure.

152. In connection with the bankruptcies reported on in the foregoing subparagraphs in which the Imperial Bank of Persia figured as a creditor, practical difficulty arose in the matter of jurisdiction. In both the Tehran cases certain Persian subjects had filed their claims in the Adlieh court. The Tribunal of the Ministry for Foreign Affairs, on the grounds that the examination in bankruptcy for practical as well as legal reasons could not be conducted simultaneously in two courts, disclaimed competency to file the claims preferred by the bank, and merely transmitted those claims to the Adlieh. The claims were admitted in the Adlieh, and the bank ranked *pari passu* with other Persian creditors. The bank, however, complained that the proceedings in the Adlieh court were not conducted impartially or fairly, and the total available assets of the bankrupts were not fully conducted, and that in principle the bank, as a British concern, were entitled by treaty and by the Firman of 1844 to British consular representation in these and similar cases. The examination of such cases in the Adlieh precludes the official presence and intervention of a consular officer. After consultation with M. Maugras, the French Minister, Mr. Nicolson made certain representations and proposals to the Minister for Foreign Affairs with a view to seeking a solution of the practical difficulties, but no such solution was reached by the end of the year.

New Commercial Code.

153. Though this code is now in force in the Adlieh, it is not yet applied in the Tribunal of the Ministry for Foreign Affairs, and the promised official French translation has not yet materialised.

Procedure in Criminal Cases.

154. During the summer a British Indian subject, Manoel d'Souza, the driver of a British officer, who had come to Tehran on a visit, succeeded, under the influence of drink, in running into and causing the death of a Persian and his two donkeys. He was arrested and handed over to the Legation on the 24th May, 1926. After repeated representations to the tribunal, summonses were issued by the latter for Manoel to be brought before the Public Prosecutor on the 16th June. The preliminary enquiry was held and a "true bill" for manslaughter was brought against the accused, and the Public Prosecutor called for his trial before a criminal court for—

- (a.) The manslaughter of the Persian.
- (b.) The payment of compensation for—
 - (1.) The family of the deceased.
 - (2.) The value of the two donkeys.

Summonses were also issued for the man's employer, Major Bentinck, to appear. These were subsequently withdrawn. The question of criminal procedure then arose. By a previous ruling His Majesty's Principal Secretary of State for Foreign Affairs had agreed to the principle that, in criminal cases in which a British subject was the accused, the preliminary enquiry should be held in the Public Prosecutor's court, and if a *prima facie* case was established against him the accused would then be handed over to the Legation for trial and judgment. The tribunal, however, claims that in such cases the accused must be tried in the penal court of that tribunal, a verdict issued, and then the accused be handed over to the consular court for punishment. As no consular court could award a punishment on a judgment of a Persian court this procedure could not be admitted, except and unless such a trial be reheard before the consular court. There are considerable practical objections to this procedure, viz., the re-examination of witnesses, &c., so long after the event, the refusal of the Public Prosecutor to prosecute before a British court, &c. It is at this point necessary to record that His Majesty's Principal Secretary of State for Foreign Affairs agreed to the principle that the proceedings in the Persian Penal Court, should they have reached that stage, might be regarded as in the nature of a preliminary enquiry (Foreign Office despatch No. 379 of the 2nd September, 1926). Eventually, after having kept the man under open detention until the end of September 1926, the matter was arranged by the payment of the blood money, amounting to 1,250 krans and 250 krans, the price of the donkeys, and the man was sent back to Bagdad, whence he had come. The cost of his maintenance during the period of his detention was charged to the Government of India. This vexed question of criminal procedure will therefore arise again on the next occasion of a similar nature.

Repatriation.

155. Five British Indian subjects were repatriated to India during the year.

Deportations.

156. No deportations occurred during the year, but a case arose in which the deportation of a British Indian subject, Bomanjee Shapurjee Morris, a Parsee, was officially asked for by the Persian Government, on the grounds of his undesirable behaviour and supposed threats on the life of Arbab Keikhosrow, a Deputy of the Majlis. The charge of blackmail and threats could not be legally substantiated, but as the general reputation of the accused was most unfavourable and he was entirely destitute with a large family he was eventually by his own consent repatriated at the cost of the Government of India.

Consular Acts.

157. *The Affixation of a Consular Seal to a Document and the Interpretation thereof by the Persian Authorities.*—During the absence on leave of His Majesty's consul at Shiraz the acting consul affixed the consular seal and fee stamps and the word "seen" on a document purporting to be an agreement by the Shara' guardians of an infant British subject to waive all claims on the property for a certain consideration. For reasons into which it is not necessary to enter here this agreement was vicious and prejudicial to the infant, and His Majesty's consul refused to admit the contention of the karguzari that the transaction was legalised by the acting consul by his consular act as explained above. On receipt of a report from His Majesty's consul, Shiraz, on the circumstances of the case and the fraudulent nature of the "agreement," the matter was brought to the notice of the Persian Minister for Foreign Affairs by His Majesty's Minister with a request that instructions be issued to the Karguzar of Shiraz to re-examine the claim of the consulate for an equitable payment by the mortgagee in respect of the property in question. His Majesty's Minister, in drawing their attention to this case, issued circular instructions to all consular officers in Persia to exercise particular discretion and care in performing any notarial act.

Eastern Transport Company (England) (Limited).

158. The Eastern Transport Company, a French concern with French and British capital, operating a transdesert motor service between Beirut and Bagdad, ceased to function during the year. The company showed considerable liabilities to (a) personnel, (b) customers in both Beirut and Bagdad. In the former place, the

available rolling-stock was sequestered by the Syrian courts, and a moratorium was granted to the company for a period to enable the directors of the company to complete negotiations with a new financial group for either a reorganisation of the company or its assimilation with the Nairn Transport Company, the all-British concern which maintained a transdesert service between Bagdad and Beirut. As a result of the cessation of business by the Eastern Transport Company, the Eastern Transport Company (England) (Limited), a subsidiary company registered in England for the purpose of operating the parent company's transport service in Persia between Bagdad and Tehran, also found itself in difficulties, and very soon ceased to function. Claims immediately began to come in, from both personnel and customers, which the Tehran office was not in a position to meet. Representations by the Tehran manager to the directors of the parent company were met either evasively or with silence. The rolling-stock, now lying dormant, began to deteriorate and no information was available to show whether this stock was the property of the Eastern Transport Company (England) (Limited), a British concern, or that of the parent company (a French concern). Repeated reference to the directors of the company, all of whom, with the exception of one Frenchman, had withdrawn from any active interest in the concerns, were unproductive, and apparently no legal steps could be taken by His Majesty's consulate-general to cause a liquidation of the affairs of the English company in Tehran. Eventually, by the end of the year information was received from His Majesty's consul-general at Beirut that the new group had concluded its negotiations and the Eastern Transport Company had been bought out, it is said, for £10,000. The Beirut representatives of the company, by publication in the local press, but without any notification to Tehran, called upon all creditors to file their claims within a stated period. On receipt of advice of this from His Majesty's consul-general at Beirut, the Tehran manager of the Eastern Transport Company (England) (Limited) was instructed to submit all claims and an estimate of the value of the rolling-stock in Persia. This was transmitted to His Majesty's consul-general at Beirut. At the close of the year no further developments had occurred.

158A. *Imperial Bank of Persia's Advance to Mushar-ed-Dowleh.*—This long outstanding debt was finally settled by a payment of £6,000 by His Majesty's Government to the Imperial Bank of Persia, London, on the 5th February, 1926, and the lien on Mushar-ed-Dowleh's property was removed.

Consular Moves.

159. Consular moves were as follows:—

Tehran—

Mr. T. V. Brennan, His Majesty's vice-consul, on return from leave, assumed charge on the 23rd April, 1926.

Mr. H. M. Eyres, probationer vice-consul, took up his duties on the 15th July, 1926.

Meshed—

Lieutenant-Colonel L. B. H. Haworth, on return from leave, reassumed charge as His Majesty's consul-general, &c., on the 10th December, 1925.

Major C. J. Stocker, I.M.S., appointed Agency Surgeon and His Majesty's vice-consul the 1st April, 1926.

Mr. A. R. Hopcroft, vice-consul, granted eight months' leave of absence from end of October 1926, was relieved by Mr. J. M. Matthews.

Lieutenant-Colonel L. B. H. Haworth, on appointment as His Majesty's consul-general at Bushire and Resident in the Persian Gulf, left Meshed on the 6th December, 1926, and handed over to Lieutenant-Colonel H. V. Biscoe at Duzdap on the 11th December, 1926, who left for Meshed the following day, where he arrived on the 20th December, 1926.

Duzdap—

Captain D. Smith, His Majesty's vice-consul, proceeded on leave of absence and was relieved by Captain A. E. H. Macann on the 16th March, 1926.

Seistan—

Captain R. Hay, M.B., I.M.S., appointed surgeon and vice-consul the 8th February, 1926, in succession to Major A. N. Dickson, M.C., M.D., I.M.S.

Captain Hay granted fourteen months' leave of absence as from the 1st December, 1926, and Captain L. K. Ledger, I.M.S., selected as successor, assumed charge on the 2nd December, 1926.

Mohammerah—

Assistant Surgeon C. H. Lincoln, O.B.E., granted six months' leave of absence as from the 15th April, 1926, was replaced by Assistant Surgeon J. W. Woodsell, M.C.

Dr. Lincoln reassumed charge on the 20th October, 1926.

Shiraz—

Mr. J. C. O'Dwyer, probationer vice-consul at Tehran, transferred to Shiraz as acting British vice-consul and took up his post on the 18th April, 1926. Temporarily transferred to Ahwaz on the 4th December, 1926.

Isfahan—

Mr. E. C. Haycock appointed British vice-consul the 27th September, 1926, *vice* Dr. M. S. P. Aganoor, resigned.

Mr. E. Bristow, His Majesty's consul-general, proceeded on leave of absence on the 13th November, 1926, and was relieved by Mr. A. C. Trott on the same date, as His Majesty's acting consul-general.

Tabriz—

Mr. Gilliat-Smith proceeded on leave of absence the 12th July, 1926.

Mr. A. S. Calvert assumed charge the 10th July, 1926.

Hamadan—

Mr. A. W. Davis took charge from Mr. A. S. Calvert the 7th July, 1926, handing over again to Mr. J. P. G. Finch on the 21st August, 1926.

Resht—

The office of His Majesty's vice-consulate was closed on the 5th July, Mr. A. W. Davis having proceeded to Hamadan, and was reopened on the 29th August, 1926, on Mr. Davis's return from Hamadan. Mr. Davis then proceeded on tour to Mazandaran and returned to Resht on the 10th November, 1926, subsequently leaving for United Kingdom on leave on the 14th December, 1926.

Bushire—

Captain G. A. Falconer vacated post of secretary to His Majesty's consul-general and was replaced on the 16th August, 1926, by Captain C. G. Prior.

Lingah—

Dr. Woodsell assumed charge as British consular agent from Dr. E. M. Cuzens on the 20th October, 1926.

Birjand—

Vice-consulate closed at end of October 1926 owing to illness of Khan Bahadur Mirza Muhammed Beg, who subsequently died on the way to Duzdap on the 16th November, 1926.

Ahwaz—

Mr. R. Gybbon-Monypenny proceeded on leave of absence on the 1st November, 1926.

Captain C. C. L. Ryan, His Majesty's vice-consul, assumed charge as His Majesty's acting consul on same date.

Mr. J. C. O'Dwyer, acting British vice-consul at Shiraz, temporarily posted to Ahwaz, reached that post on the 12th December, 1926.

IX.—CLAIMS.

British Private Claims.

160. No progress was made during the year towards obtaining the consent of the Persian Government to a mixed claims commission, and it was thought preferable to wait until some at least of our more important questions had been settled. Meanwhile, the classification of the vast number of British private claims is complete except for that of claims registered in Kermanshah and Tehran. It is feared that the proper classification of the latter claims will take several months.

Tunakabun Timber.

161. No progress was made with the case during the year. Mr. Richards was advised meanwhile to fortify his claim by obtaining further evidence and affidavits,

and these were forwarded to the Persian Foreign Office. The claim has been complicated by the suicide of Sepah-Salah, the original signatory of Mr. Richard's concession, and the acquisition of a large portion of the estate by Reza Shah.

Persian Transport Company's Claim.

162. The Persian Government have not replied to Sir P. Loraine's note of the 12th November, 1925, communicating the draft terms of reference to arbitration. About twenty reminders, both written and oral, were addressed to them during the year, but they continued merely to promise that a reply was actually drafted and on its way.

War Office Claim against Sheikh Chassib.

163. No progress was made with this claim during the year, and it is feared that no settlement will be possible until the liquidation of Sheikh Khazal's own affairs. It was found that the two boats owned by Sheikh Chassib were of no saleable value and would not, as hoped, cover the amount of the claim itself.

X.—NAVAL AND MILITARY AFFAIRS.

Army.

General.

164. During 1926 the Persian army has failed to give further cause for hope that the improvement of the previous three years would develop into a gradual, if necessarily slow, advance towards a point where her military strength would begin to exercise an influence on Persia's external policy. With the relaxation of the Shah's personal control corruption has grown, energy and enthusiasm have waned, and efficiency has suffered. Increasing corruption has brought increasing discontent; the private soldier has seen his generals grow rich on his pay and rations; junior officers have been called upon to pay larger and larger sums to their seniors to secure and retain desirable appointments and to escape punishment for their misdeeds, real and fabricated; and senior officers have continually had to defend themselves against the intrigues of their rivals. When corruption and oppression have reached unbearable limits there have been mutinies, as in Azerbaijan and Khorasan (see paragraph 181 below), which have resulted in a temporary improvement of conditions for the private soldier; but demoralisation has gone too far to be cured by a tardy and only partial recognition of the soldier's rights. The rank and file, though still patient, enduring, and hardy, have lost spirit, and seem no longer to be imbued with the ideal of a national army free from foreign control and foreign supervision. There is certainly freedom from foreign control; there is even lack of Persian control. The Shah, although too occupied with other affairs to exercise effective command, is still the only executive head, and he refuses to delegate to any subordinate any important share of his authority over the army as a whole. The divisional commanders are answerable to him alone; and the pressure of other business obliges him to allow them a generous latitude within their own commands which they are not slow to use to their own advantage.

165. In the Central Division, where the Shah does succeed in exercising some supervision, the general deterioration is much less noticeable, and the superiority of the troops of this division over others is so great that it is difficult to avoid the suspicion that the inferiority of the other divisions is not altogether unintentional. It certainly reduces the chances of a provincial satrap being inspired with ambition to emulate the achievements of Reza Pahlavi. The Central Division, which is still comparatively loyal to the Shah, overawes the provincial divisions, and they, with the support of the Central Division, can in normal circumstances overawe the provinces. No more magnificent rôle than this can to-day be expected from the Persian army.

166. Nor is it evident how any substantial improvement can be effected under present conditions. The senior military leaders have clearly shown their incompetence as administrators, organisers and trainers; and, with a few exceptions, they are too satisfied with themselves to learn. The army, in their opinion, is just good enough to maintain the régime; and they trust that fortune will allow them to escape a severer test. The young element, educated in Europe, and some of the ex-gendarmier officers trained by Swedish officers, are anxious for progress, but

they find themselves effectively obstructed by their senior officers. They would probably as warmly welcome the advent of foreign advisers as their seniors would resolutely oppose it.

Military Finances.

167. The amount allotted to the army for the current year (March 1926 to March 1927) is 9,400,000 tomans, with an additional grant of 67,300 tomans for the expenses of Persian military students abroad and 800,000 tomans for the gendarmerie. This represents an expenditure of 40 per cent. of the total estimated revenues of the country on the armed forces, excluding the police, but including the navy.

168. The administration of military finance has been characterised by excessive corruption and inefficiency; the pay of the troops has been allowed to fall months into arrears; large sums have been lost by the unbusinesslike operations of the military bank; still larger sums have been embezzled by War Office Treasury officials and by divisional commanders. War Office accounts are not subject to audit by the American Administrator-General of Finances, whose responsibility ends with the monthly payment to the army treasury of a twelfth of the annual allotment, but corruption has become such a public scandal that, towards the end of the year, the Shah introduced an official of the Ministry of Finance to supervise military accounts. The full scope of this measure is not yet apparent.

Strength.

169. The estimated strength of the army at the end of the year was 33,300, a considerable decrease since last year. This decrease is accounted for by a steady stream of desertions and by a large number of discharges, made with the object of avoiding the payment of large sums of arrears of pay and of eliminating undesirables to make room for conscript recruits. The strength of the gendarmerie is about 4,000.

Conscription.

170. Although the Compulsory Service Act became law in June 1925, no attempt was made to apply it until November 1926, when a beginning was made with Tehran. Results were very disappointing. The recruiting commission had calculated that Tehran should yield 2,500 men of the class called up—men born in 1905—but, although, after exemptions had been granted, about 1,500 names were drawn by lot, only a little over 300 of these could be found. The remainder had either absconded or had no existence, fictitious names having been entered on the census register for election purposes. Recruiting commissions are now visiting the villages of the Tehran district and the towns of Hamadan, Sultanabad, Kazvin and Semnan. The conscript soldier is to receive pay at 7½ krans a month, whereas the volunteer receives 35 krans.

Radio-Telegraphy.

171. During the year the following stations were completed and working: Tehran, Tabriz, Kermanshah, Meshed and Shiraz. The stations at Kerman and Ahwaz are nearing completion. The Tehran station has been in communication with Beirut, Moscow and Baku. The whole service is now to be transferred from the War Office to the Ministry of Posts and Telegraphs.

Persian Military Students in Europe.

172. A third batch of forty young officers was sent to Europe in October. The majority of these have gone to France, but four or five are being trained in Italy for the Persian navy.

Internal Military Security.

173. Apart from more serious disturbances, which are more fully dealt with in the paragraphs on operations, a general weakening of the fear which the army previously inspired has been evident from a decrease of security on the main roads, an increase of petty robbery, and the reappearance of bands of brigands, particularly in Fars, reminiscent of Persia in the days before the rise of Reza Pahlavi.

Disarmament of Tribes.

174. Very little progress has been made during 1926 towards the completion of the disarmament of the tribes. Even those tribes whose disarmament was nominally carried out in 1925, such as the Bakhtiari, the Lurs, and the Kashgai, still possess hidden stores of modern rifles. The Kurds, the districts of South-East Fars, some of the tribes of the Bushire Hinterland and of Persian Baluchistan have not yet been dealt with. But the general prohibition against carrying arms has undoubtedly contributed to the peace of the countryside in areas where the military authorities can enforce it.

Military Operations.

Luristan.

175. At the end of 1925 Southern Luristan had again become disturbed. During the spring of 1926 the tribes, though entirely lacking in cohesion, were active in raiding small military posts and detachments protecting the roads, and they forced the military authorities to keep columns continually on the move for the support and relief of these posts. The rebels operated in small bands and avoided engagements with superior forces, but succeeded in inflicting frequent small losses on the troops. The local troops were unable to effect any improvement in the situation, and reinforcements had to be despatched from Kermanshah to Khorremabad, and from Shiraz to Dizful, totalling about 1,000 and 500 respectively. Two aeroplanes were also sent to Khorremabad. In February two columns of about 600 men each advanced into Luristan, the one from Dizful northwards and the other from Khorremabad southwards. Tribes in the vicinity were disarmed, and by the usual combination of intrigue, conciliation and treachery the submission of all the rebel leaders but one was secured without serious fighting. By May it was found possible to withdraw the reinforcements. Gendarmerie posts were established on the main Khorremabad-Dizful road, and mobile columns formed for their support. Although robbery continued the tribes have made no further attacks on troops.

Kurdistan.

176. At the end of the summer the Persian Government, much against its will, became involved in hostilities against several Kurdish tribes of the western frontier. These began with the return to Persia at the end of July of the Kajar Prince, Salar-ed-Dowleh. He joined Jaafar Sultan, the chief of the Avroman-Luhun, who had been for some time awaiting a favourable opportunity to attack the Persian Government, and together they endeavoured to rouse the Kurdish tribes to revolt against Reza Shah. This was followed by an apparently unconnected attack by the Pizhdar tribe on Sardasht, and, later, by the outbreak of Ismail Agha Simko, the notorious chief of the Shekak in Western Azerbaijan. It will be convenient to consider separately the subsequent operations.

177.—(i.) In Southern Kurdistan Salar-ed-Dowleh and Jaafar Sultan began their offensive by a double advance towards Rawansar and Senneh. At the former place bad leading involved the local Persian troops, a detachment of about 200, in a small disaster, resulting in the capture of the majority of them. Towards Senneh the advance developed slowly; support was not forthcoming from other Kurdish tribes, and reinforcements of one regiment of cavalry and one and a half regiments of infantry had reached the area before any attack developed. This was altogether too formidable a force for Jaafar Sultan's men, so, after looting the villages of the Sennah plain, they returned to their own country to quarrel over the spoils, Salar-ed-Dowleh going with them. There was subsequently some skirmishing, but no further attempt at a serious offensive either by the rebel tribesmen or by Government troops, who contented themselves with reoccupying Rawansar and consolidating their position there and round Senneh. So the situation remained until the Prince abandoned hope and retired into Iraq at the end of October, where he was arrested. During December some of the troops were withdrawn to Hamadan. The operations, such as they were, were typically Persian—very little fighting, and much intrigue and bombastic proclamation on both sides.

178.—(ii.) The Pizhdar attack on Sardasht, although it occurred almost simultaneously with Salar-ed-Dowleh's incursion, seems to have been originally a quite independent venture, originating in the determination of the Pizhdar tribe to regain possession of lands near Sardasht confiscated by the Persian authorities. It took the local troops, numbering 400, completely by surprise. Some of them were

surrounded and taken prisoner (but shortly released); Sardasht was captured early in August, and the tribe advanced to the vicinity of Saujbulagh, creating considerable panic there and in Tabriz. But the local Kurdish tribe, the Mangur, remained loyal to Government, and on the arrival from Tabriz of a column of 500 troops the Pizhdar retired. They were followed up by a force of about 600 regular troops and 400 levies, apparently rather rashly, for about the 3rd September, at Kani Rash, 10 miles west by north of Sardasht, the Pizhdar turned, inflicted a crushing defeat on the Government force, with over 100 casualties, and drove them back again on Saujbulagh. Owing to lack of troops Government was then obliged to enlist the aid of Shahsevan tribesmen, some 600 of whom were sent to Saujbulagh. The Pizhdar did not, however, follow up their victory, and in a short time dispersed to their homes in Persia and Iraq.

179.—(iii.) Encouraged probably by the easy successes obtained by the Pizhdar and the evidence of the bad *moral* of the troops, the Kurds of Western Azerbaijan, notably the Shekak and the Harki, in September began a campaign of raiding against non-Kurdish villages, which soon brought them into conflict with Government forces. It was believed, rightly or wrongly, that Simko was the instigator of these hostilities, and, when the Pizhdar offensive died away in September, all available forces were concentrated against Simko, whose Kurds had extended their raiding into towns occupied by troops. Although 1,700–2,000 troops were concentrated in the Salmas-Urumia area, the active fighting against Simko was carried out by his rival, Omar Khan, at the head of a force of tribal levies collected from friendly Kurds and the Shahsevans. But it was successful intrigue among his followers rather than vigorous fighting that brought about Simko's downfall. Sections of the Harki had already submitted in the first few days of October; and when Omar Khan, supported by Government troops, began an advance against Simko north-west of Urumia, about the 17th October, two of his principal lieutenants turned against him, and there was nothing left for him to do but flee. He succeeded in escaping into Iraq.

180. During these operations the Turkish military attaché was with the Persian forces, and acted as liaison officer with the commander of the Turkish forces on the line Bashkaleh–Diza–Neri, who had undertaken to block the passes by which Simko might flee into Turkey. It is reported that Simko did find these exits stopped.

Very Minor Operations.

181. The principal of these were:—

(i.) The despatch of a column of 300 men and two guns from Kerman in January to Chahbar on the Persian Gulf to re-establish the authority of the Central Government and to put an end to the insecurity reigning as a result of feuds between local chiefs. The chiefs submitted on the approach of the column, and a garrison of 150 men was left to keep the peace.

(ii.) The suppression of the mutiny that occurred in June at Salmas in the North-Western Division. The mutineers, who numbered about 300, after partly looting the Salmas bazaar, captured Khoi. Troops were sent from Tabriz with commendable promptitude, and the mutineers put up no resistance, but surrendered or fled.

(iii.) The suppression of the mutiny in the Eastern Division at the end of June. Exasperated at the non-receipt of pay for several months the garrison of Maraveh Tappeh (about 300), led by a young officer, abandoned their posts and marched to the next military post at Incha. The garrison of this post, alarmed by wild rumours of the advance of a large force of Russian Turkomans, fled; the mutineers then advanced to Bujnurd, where they were joined by the local troops; and the advance was then continued towards Meshed. It was considered possible that the mutiny might spread to the whole of the Eastern Division, and it was also feared that the Russians might be encouraging and supporting the mutineers; consequently, two regiments of infantry, one of cavalry, and five aeroplanes were sent from Tehran. These began to reach Meshed on the 6th July, when the rebels were at Kuchan. The latter did not wait for an encounter, but, after suffering a few bombings from the air, retired into Russian territory on the first sign of the approach of the Tehran troops. The total number of the rebels does not seem at any time to have exceeded 700.

(iv.) The operations against a band of brigands in the Jangal of Gilan, who, owing to the supineness of the military authorities, had been allowed to pillage the districts of Fumen and Masuleh almost unchecked for some months. A column of 150 men was sent against them in June, and a victorious encounter was claimed, but

the brigands continued to raid in almost unrestricted liberty until October, when slightly stronger forces were used and the band was really dispersed and its principal men, with the exception of the leader, captured.

Air Force.

182. The history of military aviation during the year is that which might reasonably have been foretold considering the diversity of types of machines, the lack of foresight and money to maintain a sufficient stock of spares for each, and the fact that pilots and the technical personnel were drawn from four nations. Dissensions inevitably arose between the European pilots and the Persian commandant, who arrived in February, fresh from three years' training in France, with great confidence in his own ability; and by the end of the year the Germans and the French had gone, leaving only two Russians. Operations in Azerbaijan, Khorasan and Kurdistan took a heavy toll of machines in the hands of Persian pilots, and of the seventeen machines owned by the Persian Government not more than three were fit to take the air in December.

183. Some misgivings have been aroused whether the results achieved have been commensurate with the expense incurred; and although the value of a small air force to Persia is not questioned, it is realised that a higher state of efficiency must be maintained if the inevitably high cost is to be justified. Wasteful expenditure is being reduced; for instance, the aviation school, which had never produced a pilot, was closed down in June.

184. Five young officers have been sent to France to be trained as pilots; and the Junkers Company are under agreement to establish a school for the training of Persian pilots in Tehran as soon as the operation of their services begins (see paragraph 191 below). Of the ten young officers sent to Moscow in 1925, three qualified and were entrusted with the piloting to Tehran of three De Havilland machines purchased in Moscow. Only one of these reached Tehran intact; and only one of the three pilots is now allowed to fly machines.

185. The aircraft in possession of the Persian Government at the end of the year, serviceable and damaged, were:—

Type D.H.9.	...	...	...	...	4
Type Avro	...	...	...	...	2
Junker 4-seater	...	...	...	...	2
Junker 2-seater	...	...	...	...	3
Potés Type VIII	...	...	...	...	2
Spad Type 42	...	...	...	...	1
Breguet 14.A.2.	...	...	...	...	2
Breguet 19	...	...	...	...	1

Navy.

186. In November the Persian press announced that Government had decided to purchase twelve vessels for the Persian navy in the Caspian Sea and the Persian Gulf and to engage an Italian naval expert to reorganise the Persian navy. Nothing further has been heard of this proposal, and the prospect of Persian gunboats being allowed by the Russians to reach the Caspian Sea does not seem likely to be realised in the near future.

187. Five Persian cadets are now being trained in Italy for the navy.

Consular Escorts.

188. With a view to effecting economies in expenditure in Persia His Majesty's Minister, at the end of 1925, enquired of consular officers at Hamadan and Kermanshah if it was not possible to dispense with their escorts in view of the more settled conditions prevailing at their headquarters. Both consuls replied in the affirmative, and the proposal to abolish these escorts was approved by His Majesty's Government in July. Some delay occurred in sending the men back to India owing to temporary unsettled conditions on the road between Kermanshah and the Iraq frontier, and they did not leave Persia until October.

189. Shortly after the withdrawal of these escorts, on the 14th October, the Persian Government addressed a peremptory note to the Legation asking for the

removal of all escorts from Persia. The Minister for Foreign Affairs was unofficially informed that no reply could be sent to a note couched in these terms. He promised a *note explicative*, but this had not been received at the end of the year.

British Troops in the Persian Gulf.

190. The decision to withdraw from Persian territory the infantry garrisons that, at various times since 1820, and continually since 1911, have been located in Persian Gulf ports had been communicated privately to His Majesty the Shah at the end of 1925. In February it was officially announced to the Minister for Foreign Affairs, who expressed the appreciation of the Persian Government of this further indication of the friendly consideration of His Majesty's Government; and the troops were withdrawn in March, leaving in the Persian ports of the Gulf only consular escorts forming part of consular establishments.

XI.—CIVIL AVIATION

Postal Service.

191. The contest between the representatives of Junkers Company and the Compagnie internationale de Navigation aérienne for the postal service contract, which was being hotly pursued by both parties at the end of 1925, was terminated early in February by the decision of the Persian Parliament to authorise the Government to make the contract in favour of the former company. The French Legation bitterly resented this defeat, and the French Minister was shortly afterwards recalled. By the terms of this contract the company agreed to—

- (a.) Establish and maintain a weekly postal service, both ways, between Tehran and the towns of Pahlavi, Bushire and Quraïtu.
- (b.) Establish a technical aviation school for the training of Persian pilots and mechanics, and construct workshops.
- (c.) Place its technical equipment and personnel at the disposal of the Ministry of War in time of war or internal crisis in exchange for reasonable cash compensation.

The Persian Government in return agreed to grant a subsidy of 3 krans per kilom. flown for a period of eighteen months; to give the profits accruing from the surcharge on postal matter, carried by air, up to a maximum of 2,000 tomans, to the company; and to grant a monopoly of aviation on these three routes for a period of five years. Any disagreement was to be settled by a court of arbitration, consisting of one member from the Persian Government, one from the company, and the third to be elected by mutual agreement. The Junkers Company's representative reiterated his assurance to His Majesty's Minister that the company did not wish to have a monopoly of aviation over these three routes, but required merely a monopoly of subsidy. The wording of the contract was, however, "a monopoly of aviation." Under instructions from His Majesty's Government a note was despatched early in May from His Majesty's Minister to the Ministry for Foreign Affairs requesting an assurance that "monopoly of aviation" did not entail prohibition of flight by aircraft of other nations along the routes specified, and pointing out that the clause would otherwise be incompatible with the obligations accepted by Persia under the International Convention of Aerial Navigation. To this note no reply has been received. Since the submission of the draft contract the company has met with obstruction at every point. These have, at the end of the year, been settled in the main, but minor points, in connection with the working of the contract, which are to be arranged by negotiation with the Ministries concerned, still remain to be settled. These are—

The amount of surcharge on postal matter carried by air; provision of landing grounds; details of agreement with the War Office regarding technical equipment and personnel to be placed at its disposal in time of war or internal crisis; and the extent to which the Junkers Company should bear the initial cost of the aviation school. M. Jarolimek, the representative of the Junkers Company in Tehran, went to Europe in August, returning to Tehran at the end of October. Before his return it seemed that the Junkers Company was not attempting to overcome the obstructions of the various Ministries with much vigour, owing probably to its poor financial condition at the time. M. Jarolimek, however, stated at the end of the year that the company's financial status had greatly improved, and was hopeful that an agreement on all points of the contract was not far distant.

Imperial Airways Company.

192. Following on the preliminary survey of the Persian Gulf route in September 1925, a more detailed survey of the same area was carried out during the early spring of 1926. Lieutenant-Colonel F. C. Sheldrake, O.B.E., of the Air Ministry, was in charge of this survey party, and was accompanied by His Majesty's consul at Ahwaz, a representative of the Imperial Airways Company and a Persian military officer. The objects of this survey were to decide on main and intermediate aerodromes and emergency landing-grounds, to determine on and arrange for the necessary work to be carried out on them, to investigate the necessity for guarding them, and to report on the available means for constructing wireless stations. The three main aerodromes selected were to be at Bushire, Bundar Abbas and Chahbar, with intermediate aerodromes at Dilam, Lingeh and Jask. According to the terms of the agreement between the Air Ministry and the company, the original cost of provision of ground organisation for these six aerodromes was to be borne by the Air Ministry, the company bearing the original cost of ground organisation of any further landing-grounds required. Emergency landing-grounds were selected at Daujir, Asalu and Chiru. Arrangements for the marking and levelling of surfaces and erection of wind indicators at the six aerodromes were made either by local contract, or with the assistance of His Majesty's consular officers or officers of the Indo-European Telegraph Department. The establishment of wireless stations at the three main aerodromes could not be arranged on the spot owing to lack of skilled labour. It was decided that, either the director of the Indo-European Telegraph Department be asked to give the assistance of the department, or that some suitable firm in India be commissioned to carry out the work. Persian troops are stationed in the locality of most of the aerodromes and landing-grounds. It was expected, in view of the fact that, after completion, all aerodromes, installations, &c., were to be handed over to the Persian Government, that the Persian Government would arrange for the necessary guards. All arrangements for the establishment of ground organisation were made with the knowledge of the Persian representative with the party. The survey party completed its labours early in March, the Persian Government having given adequate co-operation throughout.

193. On receipt of the report of the survey party, the main points were communicated by His Majesty's Minister to the Persian Government early in May. This note requested the Persian Government to inform His Majesty's Minister whether they had any objection to the sites selected, and to concur in a slight deviation from the direct route between Basra and Dilam. It was pointed out that all sites, with the exception of that of Asalu, were, according to the local authorities, on land owned by the Persian Government; and the hope was expressed that the Persian Government would have no difficulty in arranging for the grounds to be guarded and kept permanently clear of obstructions. To this note the Persian Government returned no reply.

194. By the terms of the agreement between the company and the Persian Government, the company agreed to erect the wireless stations necessary for the working of the route, which, on completion, were to be taken over by the Persian Government at cost price, subject to a maximum of £6,000. As it appeared possible that the Persian Government would not be in a position to operate these stations with their own personnel by January 1927, when it was hoped to inaugurate the service, the Persian Government were requested, in a note from His Majesty's Minister in April, to state whether they were prepared to take over the working of wireless stations by the 1st January, 1927, or whether the company should make its own arrangements for their operation. This note also remained unanswered. If the Persian Government were not prepared to take over the operation of the wireless stations, the Imperial Airways Company proposed, with the concurrence of the Indo-European Telegraph Department, to make use of the latter's personnel already existent.

195. In an interview on the 26th May, the Acting Minister for Foreign Affairs hinted to Sir Percy Loraine that the ratification of the Air Convention would probably be obstructed. Owing, however, to the political situation at the time it was thought undesirable to press for this ratification. Moreover, it was thought that, on examination, it might be found that the ratification of the Air Convention by the Majlis, so far as Persia's international commitments were concerned, was unnecessary, since Persia had already paid her subscription as a member of the convention and had ratified certain protocols. From the end of May the obstruction of the Persian Government became more and more apparent. This

attitude was amply demonstrated when application was made, under instructions from His Majesty's Government, in November, for permission for the flight, in January, of the Secretary of State for Air and party to inaugurate the Imperial Airways Company's service between Egypt and India. After much pressing the Persian Government eventually replied that, while they had no objection to the flight of Sir Samuel Hoare and party, yet they in no way acknowledged it as an inauguration flight of the Imperial Airways service, and pointed out that the opening of this service was dependent on the ratification of the Air Convention by the Majlis. The Persian Government's obstructive policy was further demonstrated by a note from the Ministry for Foreign Affairs, dated the 29th December, objecting to the preparations for the construction of buildings and wireless stations at Bunder Abbas.

196. The position at the end of the year was that the Government, though pledged to submit the ratification of the Air Convention to the Majlis, dared not do so; the Majlis being determined to obstruct anything that the present Government brought forward. The Shah, though he assured Mr. Clive of his personal support in an interview on the 16th December, did not appear willing to press the question, pleading that, as a constitutional monarch, he could not bring pressure to bear on the Majlis. The Chief of the General Staff is opposed to the present agreement with the Imperial Airways Company, and though he has not very much influence with the Majlis, he seems to a certain extent to have impressed his opinion in the matter on His Majesty the Shah. Such was the position on the 31st December, 1926.

XII.—MEDICAL AFFAIRS.

Public Health.

197. The general health of the country as a whole during the year has been very satisfactory. Tehran itself has been free from any epidemic, though there have been numerous cases of smallpox, typhoid fever and tuberculosis notified during the year. Unfortunately the system of notification is very unsatisfactory. Only cases occurring within municipal establishments are notified. Others are not notifiable by law. A few cases of typhus are said to have occurred within the city. There was a mild outbreak of influenza during the autumn which almost approached epidemic proportions.

198. No epidemic has been reported from the provinces. At the end of June four cases of death from bubonic plague were reported from Kermanshah. Other similar cases were said to have occurred in the villages round. Later this was denied and these cases were reported to be anthrax and not plague. The acting director of the Pasteur Institute, Dr. Bahrami, was accordingly sent down to make an exact diagnosis on the spot. He reported that the "microscopic examination was positive." So presumably they were cases of plague. Not more than fifteen cases are known to have occurred, of which the majority died. Dr. Bahrami disinfected the contaminated houses and used as much anti-plague serum as he could as a prophylaxis for the inhabitants of the district. No further case occurred after his arrival. There has been no plague epidemic in Persia since 1906. During the summer the Persian Government became alarmed at the number of cases of plague occurring in Bagdad and imposed considerable restrictions on the passage of the Iraq-Persian frontier. Pilgrims were refused a visa to their passports and all travellers between Bagdad and Persia were compelled to produce a certificate of anti-plague, prophylactic inoculation, or to remain in a quarantine station for three days. There was no plague serum or vaccine available in Tehran at first. A sufficiency was, however, sent to the physician of the Legation by the health authority at Bagdad for use of the Legation staff. The Persian authorities wrote to Paris for their requirements. As a result of the imposition of these restrictions a certain amount of unpleasantness occurred at the frontier, and representations were made by British subjects to the consul at Kermanshah that passengers were being unfairly treated and that the rich were being allowed to pass without undergoing the quarantine that was enforced upon the poor. The matter was brought to the notice of the Sanitary Council in Tehran, who ordered an investigation to be made on the spot. The report completely exonerated the doctors in charge of the quarantine station, and suggested that the whole account was concocted by the unvaccinated through envy of those who were allowed to pass. As, soon after this, the restrictions were removed, it was not thought necessary to press the matter any further.

199. No new hospitals have been built during the past year, but those at Resht and Kazvin have been visited by the Director of Public Health and are to be refitted and repaired as required. His Majesty the Shah has recently profited by the death of a prominent landowner. The will was the subject of a dispute and His Majesty has cut the knot by deciding that neither he nor the rival claimant shall benefit. The whole of the estate has, therefore, been given towards building a hospital. There is thought to be enough to found two hospitals, and it is proposed to build one for tuberculosis and one for venereal diseases. Neither project has taken definite shape yet.

200. The attempt to form, this summer, a tuberculosis sanatorium at Demavand, 40 miles outside Tehran, was not successful. It was attempted to maintain the place as a semi-private enterprise. But the rent demanded and the unsatisfactory condition of the house caused the doctor in charge, a Russian, to abandon his attempt.

201. The Pasteur Institute has continued to function. The buildings have been enlarged by the construction of stables for horses and cows for experimental purposes. The direction of the institute is still in the hands of Dr. Bahrami (Abdul Ghassem), and there is still no news of the arrival of the French director, whose contract was reported to have been approved of last year.

202. Vaccination figures for the year (that is, the 22nd March, 1925, to the 21st March, 1926, the Persian year 1304), just rendered available, are interesting; they are:—

Year.	Vaccinations.	Inspections.	Successes.
1303	112,847	85,725	74,463
1304	144,333	109,690	90,966

Another interesting set of figures are those showing the age of the patients:—

Town.	Total vaccinated.	Under 1 year.	Over 10 years.
Tehran	28,803	3,482	22,201
Hamadan	8,844	5,152	33

203. The Provincial Health Service has been reorganised, and the whole of Persia has been mapped out into districts, each with its own director and personnel. It is too early to say what the result will be as there is still a great shortage of doctors who offer themselves for provincial health work.

Persian Gulf Ports.

204. The general health of the ports of the Persian Gulf throughout the year has been satisfactory. No epidemic has occurred.

205. The provision of a Clayton apparatus for the use of the Persian Gulf ports is still under discussion. It has been urged upon the Government to make the Anglo-Persian Oil Company their agents in the matter and to use the apparatus already existing at Basra. The company are quite agreeable to this course and are awaiting the request of the Persian Government. The Director of Public Health also states that he is in favour of this proposition, and is urging it on the Majlis. The Persian Government have not yet committed themselves definitely, and are very slow in coming to a decision.

206. The cost of replacing these worn-out disinfecting stores is to be borne equally between the Government of India and the Home Government. The Government of India had expressed their willingness to pay their share, as stated in the annual report of last year. Since then the Home Government have agreed to pay the rest, and the work of repair has begun.

207. The question of setting up a quarantine station at Henjam was referred to the commander-in-chief (naval) of the Persian Gulf. He replied that, as our position on the island was anomalous, he would rather not have the subject brought to the notice of the Persian Government. The proposal was therefore dropped.

Sanitary Council.

208. The Sanitary Council of Tehran has continued to sit regularly under the presidency of Dr. Khalil Khan Saghafi (Alim-ed-Dowleh). Attendance has always been good.

209. During this year the language of the council has been changed from French to Persian. This is a notable event, as it practically drives the European members out of the discussions. During the whole year no European member has

attempted to give his views on any subject unless expressly asked to do so when the language of the meeting was changed to enable him to reply. This means that the non-Persian members are reduced to mere puppets, who can only reply when spoken to. Whether this is part of a fixed policy to drive out the foreigner and to prevent him taking any part in Persian affairs or whether it is entirely due to the fact that both the President and Director of Public Health are weak in French, it is difficult to say.

210. Dr. Sheikh (Aya-ed-Dowleh) returned from Europe in May, whither he had been at the expense of the League of Nations for training in Public Health work. His report was handed into the Sanitary Council and a copy sent to this Legation. He discusses the principal needs of Persia, but makes no original or novel suggestion. No action has yet been taken on this report, and Dr. Sheikh has settled down as chief medical officer to the Tehran Municipality. His tour in Europe seems to have made him dissatisfied with his country without producing any practical advantage.

211. The Sanitary Council has altogether forbidden the importation of second-hand clothes for sale. This has caused great loss to an Indian merchant. He offered to produce medical certificates to the effect that the clothes had been subjected to a thorough disinfection. The Sanitary Council, however, declined in any way to modify their attitude.

Relation of European to Persian Doctors.

212. While individual Persians appear friendly and willing to meet their European colleagues, there is nevertheless a feeling of tension and almost bitterness between the doctors of the country and foreign doctors. It is perhaps unfortunate that the two English doctors of Tehran, that of the Legation after twenty years and that of the Telegraph Department after thirty years' service, left the country about the same time. They were admired and respected by all classes of Persians; and the arrival of two strangers in their place gave no chance for personal affections to overcome political and nationalistic animosities. It is said that it was even suggested that a law should be proposed to the Majlis limiting European doctors to the sick of their own nationals. Such a proposal was laughed out of court; but it shows the spirit that exists among certain of the leading Persian practitioners. As has been noted above, the language of the debates in the Sanitary Council has been changed. This might be construed as a definitely anti-European move. A Frenchman, the physician to the French Legation, who also held the post of surgeon in one of the Tehran hospitals, was informed on the expiration of his contract that it would not be renewed. He has been replaced by a Persian, who, though competent, cannot be considered as competent as the previous holder. There is, therefore, now no European, except Russians, on the staff of any Persian hospital.

213. There has been considerable correspondence between the doctors of the Church Missionary Society hospitals of South Persia and the Persian Government, through the intermediary of His Majesty's Minister. They have requested to be exempted from customs duties and to be exempted from some of the restrictions of the Persian Dangerous Drugs Act. The former request seems likely to receive a favourable reply. To the latter a categorical refusal has been given.

214. The so-called English chemist, an Italian who has the reputation of being the best and most conscientious chemist in Tehran, has been compelled to close down his business. He states that the Government is constantly putting obstacles in his way. His principal grievance now is the putting into force of the Dangerous Drugs Act, an Act passed in 1923 but never enforced.

215. On the other hand, a new medical society has been formed for European and Persian doctors. A Persian, the professor of surgery, is the president. All the leading European doctors were invited to join and most of them accepted.

216. By the law of 1911 all foreign doctors practising amongst other than their own nationals are compelled to obtain a Persian diploma, which is granted without examination to those holding a "recognised foreign diploma." This is a fluid term. The law is not being enforced strictly.

XIII.—OPIUM.

General State of the Trade.

217. The general condition of the opium trade was not over-satisfactory at the beginning of this year from the point of view of the dealers in opium. The demand

was not so large as usual, and the crops having been unusually successful, it was feared that the supply would be greater than the demand. Fortunately, from the point of view of Persian finances, the action of the Government of Singapore, which gave orders for large supplies, coupled with an unexpected demand from the Far East, restored the flagging trade. Reports from Isfahan show that an area one-third larger than that of last year has been put under cultivation. The estimated area in this district given over to poppy is about 11,000 acres. On the other hand, the total amount of opium produced in the Shiraz district is slightly less, this year's total being reported as 258,710 lb. as against 403,125 lb. of last year. But the figure for this year is certainly too low, since some districts have not yet published their yields. In the Meshed district the yield for 1925 (that for 1926 being not yet available) was considerably lower than in 1924, being 448,852 lb. against 821,828 lb. Against this must be set the fact that this year's crop has been a highly successful one, and it seems probable that a larger area will be put under cultivation next year.

Exports.

218. A large amount of opium continues to be exported through the Persian Gulf, but the trade appears to be confined to Bushire. Consular reports from all other ports on the Gulf give a nil return of opium exports throughout the year.

The total number of chests passing through Bushire in 1926 was 6,809, which amounts to 1,089,440 lb. Of the 6,809 chests, 4,104 were consigned to Vladivostok and 1,850 to Singapore. There is considerable doubt as to how much of the opium consigned to Vladivostok actually reaches that port and how much of it finds its way into illegal haunts in the Far East.

The total exports to foreign countries, as shown by the revenue figures for the Meshed district, which is the chief point in the export trade on the northern frontier, for the year 1925-26 amounted to 129,893 lb. The figures given for the year 1924-25 were 48,254 lb.

The demand from Russia is steadily increasing, although there is a fall in the first half of the present Persian year:—

	Krans.
1923-24: 19,390 lb. exported, valued at	1,161,740
1924-25: 74,532 lb. exported, valued at	2,851,340
1925-26: 88,954 lb. exported, valued at	4,634,350
1926 (six months): 22,846 lb. exported, valued at	958,480

219. At the beginning of 1926 the Iraq Government announced that, in order to comply with the provisions of the International Opium Conference of 1912 and the First Opium Conference of 1924, it was proposed to establish a State monopoly over the importation and distribution of opium throughout Iraq. Unfortunately, the Persian Government has not yet adopted the Import Certificate System, and the Iraq Government accordingly requested the British Legation in Tehran to arrange a system of control over the import of Persian opium into Iraq. This Legation considered that the question would be more speedily settled by first approaching the American Financial Adviser. This was done, but he unfortunately has so far failed to secure any settlement of the question. It would appear that the Persian Government are unwilling to commit themselves to any definite policy on opium export until the League of Nations Commission, referred to in the next section, publishes its report.

220. Cultivation of the poppy for the production of opium is now altogether forbidden in Iraq. All opium intended for consumption in Iraq must be of Persian produce. It must be in the raw condition, and is allowed to pass the Perso-Iraq frontier only at Khanikin.

League of Nations Opium Commission.

221. At a meeting of the League held on the 11th February, 1925, it was decided to invite MM. F. Adrien Delano, Fridriano Cavara and Victor Cayla to form a commission of enquiry to study the situation of opium cultivation in Persia. The invitation was accepted and the three members left Europe in March 1926.

The commission was received as the guests of the Persian Government. They remained for about two months in Tehran and then left to visit the poppy-growing areas. They were accompanied by Major Hall, the American Financial Adviser from Shiraz.

The report is not yet published, but it appears to have caused considerable disturbance amongst those who have been privileged to see it in advance. The

Director-General of Finances, Dr. Millspaugh, and the Persian Ministry for Foreign Affairs have requested the League of Nations to delay its publication until the Persian Government have composed a statement setting forth their view of the matter. Both reports are then to be published simultaneously.

Measures already taken by the Persian Authorities to suppress Opium Smoking.

- 222.—(1.) The smoking of opium in coffee-shops is forbidden.
 (2.) All opium dens are closed.
 (3.) The preparation of "Sheera"—a mixture of raw and cooked opium juice, the favourite form for the smoker—has ceased.
 (4.) All opium sold for smoking must be banded by the Government.
 (5.) Illegal possession of opium is punishable by a fine of 32 krans for the first miscal, 2 krans for each subsequent miscal, 20 krans for each pipe, and confiscation of all.

King's Regulations and the Dangerous Drugs Regulations.

223. In pursuance of the policy of His Majesty's Government of suppressing as far as possible all improper traffic in opium and other narcotic drugs, regulations, entitled "The Dangerous Drugs Regulations," were issued by His Britannic Majesty's Minister in the summer and came into force on the 1st July. By these regulations it became illegal for any British subject to import, export, manufacture, buy, sell or deal in opium or deal in any of the dangerous drugs specified except by licence.

Licences are of five kinds:—

- (a.) A general licence for permitting the import and possession of certain specified preparations in common use. This was granted at once to all British subjects without further licence or restriction.
- (b.) A general licence to medical men and certain others to possess and use such drugs as are necessary for their profession.
- (c.) A special licence to engage in the commerce of special drugs.
- (d.) A licence to import opium, &c.
- (e.) A licence to export opium, &c.

Up to the present moment no action has been taken against any person for the infringement of these regulations.

Activities of Haji Mahomed Hassan Khan Nemazee and Family.

224. The head of the family, Haji Mahomed Hassan, appears to have given up entirely all connection with the opium trade. Neither he nor his firms in Hong Kong have had any dealings in opium during 1925 or 1926.

The old Nemazee was deprived of his English passport, although a naturalised British subject, and reissued with a Persian one. With this he left Persia on the 21st March for Hong Kong, intending, as he averred, never to return to Persia.

The chief merchant in the family is now Haji Mahomed Agha, son of the old Nemazee. He is a Persian subject and did not become naturalised with his father. A lawsuit that he attempted to bring against a Portuguese captain early in the year was settled against the Nemazee firm with considerable loss of prestige to them in consequence.

Another son of the old Nemazee is Ahmed, born in 1901. He is a British subject and trades under the title of "A. Nemazee and Co." He appears to confine his activities to Indian opium.

XIV.—LEGATION MAIL CONTRACT.

225. In May the Eastern Transport Company, which was in very low water, was unable to supply suitable cars to carry the Legation mail; the contract with them was therefore suspended and a temporary arrangement for the carriage of the mails to and from Bagdad was made with the Anglo-Persian Oil Company. In July a six months' contract was signed with the Nairn Company on the same terms as the previous contract with the Eastern Transport Company.